



Daily Report

China

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General

Qian Qichen Meets Foreign Officials at UN

Meets Mexican Official

OW1804000495 Beijing XINHUA in English 2332
GMT 17 Apr 95

[FBIS Transcribed Text] United Nations, April 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met with Mexican Secretary of Foreign Relations Jose Angel Curria Trevino here this afternoon.

Qian expressed congratulations on the establishment of the new Government of Mexico.

The Chinese and Mexican peoples had traditional friendship. Since the two countries had established diplomatic relations in 1972, the bilateral relations had developed rapidly and leaders of the two countries had visited each other. The Chinese side appreciated the efforts of the new government of Mexico on strengthening Sino-Mexican relations, Qian said.

Qian said that China supported Mexico in joining the Asia-Pacific Economic Cooperation (APEC) and expressed the hope that the two countries would continue cooperation in international affairs and international organizations. China appreciated the efforts of the Mexican government on control of the domestic financial crisis, he added.

Curria asked Qian to convey Mexican President Zedillo's greetings to Chinese leaders.

One of priorities in the foreign policies of the Mexican government was to develop relations with China continuously. [sentence as received] Mexico appreciated the solemn statement of the Chinese government, promising not to use nuclear weapons first to non-nuclear weapons countries. The promise had set an example for other nuclear weapon countries, he said.

During the meeting today, the two foreign ministers exchanged views on review and extension of the Non-proliferation Treaty at the current UN conference and reached consensus in many fields.

Meets Dutch Deputy Premier

OW1804001295 Beijing XINHUA in English 2341
GMT 17 Apr 95

[FBIS Transcribed Text] United Nations, April 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met with Dutch Deputy Prime Minister and Minister of Foreign Affairs Hans Van Mierlo here today.

Qian said that the Sino-Dutch relations had developed rapidly in recent years and the leaders of the two countries had made a series of important visits to each other. The Netherlands is China's fifth largest trade partner in Western Europe.

China attached importance to the development of relations with the Netherlands and the two countries would continue cooperation in many fields, including international affairs, Qian added.

Van Mierlo said that he would accompany Prime Minister Wim Kok to visit China in June. He was happy to visit China again 23 years after his first visit and have an opportunity to learn the great changes taking place in economic and social development in China.

Meets Ukrainian Minister

OW1804002995 Beijing XINHUA in English 0008
GMT 18 Apr 95

[FBIS Transcribed Text] United Nations, April 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen today met with Ukraine's Foreign Minister Gennadiy Udoenko at the United Nations Headquarters.

During the talks, Qian said China was satisfied with the development of bilateral relations since Chinese President Jiang Zemin visited Ukraine last September. He said that the Chinese Government was expecting the visit by Ukrainian President Leonid Kuchma to China and believed that the visit would further promote bilateral relationship.

Udoenko said his government had always been holding that Taiwan is part of China, and that the government of the People's Republic of China is the sole legitimate government of China.

Qian said China appreciated Ukraine's position regarding Taiwan. He also said China supports Ukraine's territory integrity and sovereignty and believes that Ukraine is pursuing a wise policy by simultaneously developing relations with Russia and other CIS states and European Union countries.

NPT, U.S. 'Security Assurance' Doubtful

OW1704142195 Beijing XINHUA Domestic Service in Chinese 1215 GMT 16 Apr 95

['Roundup' by reporter Xu Changyin (1776 7022 6892)]

[FBIS Translated Text] Washington, 15 Apr (XINHUA)—On the eve of the UN meeting to examine and extend the Nuclear Nonproliferation Treaty [NPT], nuclear weapons-free countries are more skeptical than ever about the United States' "security assurance".

In the past year, the U.S. Government has sent high-ranking officials to lobby dozens of countries, asking them to support the indefinite and unconditional extension of the NPT at this year's meeting. It has been reported that 79 of the 173 signatory countries of the treaty have agreed to comply with the U.S. request. To win support of more nuclear weapons-free countries, the U.S. Government issued a "presidential statement" on 5 April, announcing that the United States will provide a

"security assurance" for nuclear weapons-free countries which are signatories of the NPT. The U.S. media even conducted large-scale propaganda for the United States' "security assurance".

However, some insightful people promptly pointed out that the U.S. "presidential statement" does not contain any new substance, and that it is no different from the United States' stand in the past. The statement does not commit the United States to not employ nuclear weapons against nuclear weapons-free countries at any time or under any circumstances. Its "security assurance" only applies to nuclear weapons-free countries which are signatories to the NPT. In addition, a precondition was attached—that is, no countries are to act against the United States; otherwise, they can never count on the U.S. "security assurance".

Some developing countries have pointed out: The United States has always been unwilling to openly declare that it agrees to totally ban and completely destroy nuclear weapons. At the same time, the NPT only demands that nuclear weapons-free countries not become nuclear powers, but does not demand that nuclear powers eventually become nuclear weapons-free countries. Under such circumstances, the United States' demand that the treaty not be revised at all and that it be unconditionally and indefinitely extended is just an attempt to "ensure that the United States will forever be the No. 1 nuclear power in the world".

It has been reported that most countries have agreed to extend the treaty for a definite period, say, 15 years or 25 years at the most. These countries have held that this might constitute pressure on nuclear powers, compelling them to reach an agreement on totally banning and completely destroying nuclear weapons.

Some Arab countries have expressed strong displeasure over the United States' biased policy on nuclear weapons, pointing out that Israel has possessed and is still making nuclear weapons, but the United States has not applied pressure to it. Foreign ministers of Arab countries recently decided in Cairo that, until Israel signs the NPT, they will unanimously refuse to sign the treaty.

Analysts have predicted that, at the UN meeting scheduled from 17 April to 12 May, a heated debate will erupt concerning whether the NPT should be indefinitely and unconditionally extended.

Butrus Butrus-Ghali Opens Nonproliferation Conference

OW1704233195 Beijing XINHUA in English 2216 GMT 17 Apr 95

[FBIS Transcribed Text] United Nations, April 17 (XINHUA)—The current conference on Nonproliferation Treaty will help define the character of international cooperation for the 21st century, United Nations chief Butrus Butrus-Ghali said here today.

Addressing the opening of the Nonproliferation Treaty Review and Extension Conference this afternoon, the Secretary-General said, "it is significant that this conference takes place as we celebrate the 50th anniversary of the United Nations."

The treaty which came into force on March 5, 1970 was acclaimed as the most important agreement in the field of disarmament since the nuclear age began and as a major success for the cause of peace, he said.

Butrus-Ghali considered the past 25 years as a record of remarkable achievement. In many ways, the world has become a safer place. Since 1970, the international community has created machinery to support nuclear controls and safeguards, to carry out the destruction of nuclear weapons and to ban nuclear testing.

Reviewing the progress in non-proliferation field, he noted that the number of signatories stands at 178 today, the largest number of parties to any arms control and disarmament agreement.

Butrus-Ghali stressed that three issues demand attention:

- Enhancing security assurances to non-nuclear weapon states through cooperative security arrangements;
- Seeking to advance nuclear disarmament; and
- Using nuclear energy for peaceful purposes.

As for the question of security assurances to non-nuclear weapon states, he considered that a satisfactory solution has not yet been found. Any solution must recognize the need of the non-nuclear weapon states for legally binding international security assurances, he stressed.

In disarmament, he noted that there have been major accomplishments, including elimination of thousands of intermediate- and shorter-range missiles, withdrawal and dismantling of tactical weapons and progress toward comprehensive test ban treaty.

On transfer of nuclear technology for peaceful and legitimate purposes, the Secretary-General said, technology transfer continues to arouse concerns among suppliers and clients. The International Atomic Energy Agency is working directly with member states to improve the physical protection of nuclear materials and to improve state system of accounting and control.

In order to ensure the best possible coordination, the Secretary-General has established a working group within the secretariat to monitor developments and to maintain liaison between the United Nations and the IAEA, he said.

Christopher, Others Address NPT Conference

OW1804002395 Beijing XINHUA in English 2345 GMT 17 Apr 95

[FBIS Transcribed Text] United Nations, April 17 (XINHUA)—The Nonproliferation Treaty (NPT) Review and

Extension Conference opened here today with UN Secretary-General Butrus Butrus-Ghali calling for doing away with nuclear arms in every regard.

In his inaugural speech, the UN chief said attention must be focused on enhancing security assurances to non-nuclear weapon states through cooperative security arrangements, seeking to advance nuclear disarmament and addressing concerns regarding access to uses of nuclear energy for peaceful purposes.

Describing the conference as "profoundly important," he said "What happens here will help to define the character of international cooperation for the 21st century."

Addressing the conference, U.S. Secretary of State Warren Christopher said "the NPT is truly one of the most important treaties of all time" for it has reduced the risk of nuclear conflict and advanced nuclear disarmament. The security that the NPT helps provide must be constantly reinforced because the future is by no means free from danger, he added.

Hans Blix, Director-General of the International Atomic Energy Agency (IAEA), which serves as a vital instrument for the implementation of the NPT, said the agency must be enabled, through adequate resources, and strengthened and streamlined safeguards, "effectively to verify that non-proliferation pledges are respected and therefore, to create confidence among the parties."

Also spoke [as received] at today's session were representatives of the Non-Aligned, Eastern European and Western countries as well as China.

Jayantha Dhanapala, Sri Lankan Ambassador to the United States, was elected president of the conference. States parties to the treaty also adopted the Rules of Procedure, the Agenda and elected chairmen and vice-chairmen of the Main Committees.

The conference, which lasts until May 12, will review and decide how to extend the 25-year-old Treaty on the Non-Proliferation of Nuclear Weapons, designated to stop the spread of nuclear arms.

So far, 178 countries have signed the treaty, which provides an infrastructure for arms limitation and disarmament, also recognizes the right of parties to use nuclear energy for peaceful purposes.

Turkish Prime Minister's U.S. Visit Reviewed
OW1804021295 Beijing XINHUA in English 1995
GMT 17 Apr 95

["Roundup" by Yan Hongzhang: "Ciller Embarks on 'Explanation Tour' to U.S."]

[FBIS Transcribed Text] Ankara, April 17 (XINHUA)—Turkish Prime Minister Tansu Ciller's current visit to the United States was described here by local newspapers as "full of explanations."

During her week-long visit which started on Saturday [15 April], Ciller will meet with U.S. President Bill Clinton to explain the reasons for Turkey's military incursion into northern Iraq, Turkey's view on human rights, the steps to improve the Turco-U.S. relations, and even the differences between Turkey and Greece over Cyprus.

On March 20, the Turkish armed forces launched a military operation against the Kurdish Workers' Party (PKK) camps in northern Iraq. This has triggered strong reaction from the Western countries.

The U.S. expressed understanding and support to Turkey's action but the tone has changed a little bit in the past few days.

U.S. officials here said, "Our policy on that topic is well known. Our policy is and always has been that the incursion should be limited in scope and duration."

This reminds the advice U.S. Secretary of State Warren Christopher recently gave to this country: Turkey had better announce a date of its troops withdrawal from northern Iraq before Ciller's visit took place.

Sources close to Ciller said that if Ciller makes such a statement of withdrawal during her stay in the U.S., it will make a significant contribution to the success of her visit to the United States.

The U.S. Administration believes that if Ciller makes such an announcement, it will dispel certain doubts and ease the pressure from the Congress on this issue, and it will also make it easier for the administration to keep up its policy of supporting Turkey.

But, it seems that Ciller does not have such a timetable regarding the military operation at her hand. Ciller has to explain fully Turkey's stand on this subject to maintain the U.S. support. But the question is that whether the Clinton administration would like to listen.

The failed democratization attempts and Turkey's poor human rights record will probably also be discussed during the visit. A whole week of talks and meetings with all sectors of society will permit Ciller to express fully her policies on these controversial subjects.

The Turco-U.S. relations have been strained for a long time because of their differences on the human rights problem. The U.S. Administration has agreed to cut 10 percent of its military aid to Turkey in the year of 1995.

It is believed that Ciller will tell Clinton that the human rights situation in Turkey is improving, the democratization process is going well in her country.

It is reported that Ciller will deliver her promises on democratic reforms and introduce a partial amnesty for those who have been jailed for expressing their views of separation.

Ciller will also discuss the Cyprus issue with Clinton. The U.S. holds that the continuation of peace and

stability in the region and establishment of good relations between Turkey and Greece depended on a resolution of the Cyprus problem.

Washington will intensify its efforts to have the Cyprus talks resumed. What they expect from Ciller is a promise to the effect that Turkey will actively take part in these efforts aimed at bringing about a solution to the Cyprus issue.

Ciller will explain to Clinton that Turkey will support U.S. efforts to have the Cyprus talks resumed, but will insist that both Turkish Cypriots and Greek Cypriots should be equally represented in any activities to solve the Cyprus problem.

With so many explanations the Turkish Prime Minister has to give during her visit, observers here believe that it is no easy job for her at all.

Turkey Objects to Russia's Treaty Violation

OW1804022295 Beijing XINHUA in English 2039
GMT 17 Apr 95

[FBIS Transcribed Text] Ankara, April 17 (XINHUA)—Turkey today voiced its objection to Russia's plan not to obey limits envisaged by the Conventional Forces in Europe (CFE) treaty.

Russia's Defense Minister Pavel Grachev said Sunday [16 April] that Moscow could not stick to all the terms of the cornerstone 1990 CFE treaty because the agreement limits the number of troops Russia could station in its volatile southern regions, particularly in Chechnya.

A senior Turkish Foreign Ministry official was quoted by local media as saying that all signatories to the CFE must abide by every single provision in the treaty.

"That's NATO's common policy," said the official. "Doing otherwise will lead to serious rifts with the West."

The Turkish official said that Russia had deployed a considerable number of tanks and armored vehicles to Chechnya from the east of the Ural mountains without officially informing the CFE partners, thus breaking a treaty rule.

Technically, deployment of such weapons between regions at a rate exceeding 10 percent of a unit force must be notified to other CFE signatories.

Turkey, a NATO member and CFE signatory, objects to any changes in the treaty prior to the review conference which will open next year.

Regarding Russian concerns, it says an extended Russian military presence in the Caucasus is "not necessary" for the tiny Trans-Caucasian republics pose no threat to Moscow.

'Expert': ABM Amendments Threaten Security

OW1804014195 Beijing XINHUA in English 0104
GMT 18 Apr 95

[FBIS Transcribed Text] Moscow, April 17 (XINHUA)—A Russian disarmament expert today warned that the current Geneva talks on amending the Treaty on the Limitation of Anti-Ballistic Missile Systems (ABM) threaten to hurt Russia's national security.

In an interview with the Itar-Tass news agency, Pavel Podvig, expert of the Moscow Center for Disarmament, Energy and Ecology, said the treaty, signed by the United States and the former Soviet Union in 1972, should remain the most effective international agreement in the arms control sphere.

In 1993, the U.S. Administration suggested making a number of conceptual amendments to the ABM treaty.

Russia's approval of these amendments, he said, will amount to its agreement to U.S. going ahead with developing anti-ballistic missile systems intended to protect the U.S. and its allies against short-range and medium-range missile attacks, adding that Washington has already developed and tested such a system called TAAD.

Podvig noted that Russian experts' analysis shows that the U.S.-proposed amendments to the treaty will not only enable the U.S. to intercept ballistic missiles, but also lay down the basis for the U.S. anti-missile defense system.

This would result in lifting the existing restrictions on deployment of ABM strategic systems, he said. Therefore, the Russian negotiating team in Geneva should try to keep intact the main provisions of the 1972 ABM treaty to fully protect Russia's national interests and security.

Progress, Rights Discussed at IPU Meeting

OW1804052095 Beijing XINHUA Domestic Service in Chinese 0640 GMT 30 Mar 95

[By reporter Hu Tairan (5170 3141 3544)]

[FBIS Translated Text] Madrid, 29 Mar (XINHUA)—At the 93d meeting of the Interparliamentary Union [IPU] on 29 March, Lin Liyun, member of the Chinese National People's Congress Standing Committee, pointed out: Any scientific and technological progress has dual character. It can benefit people and solve problems that could not be solved before, and, on the other hand, because of abuse of new scientific and technological progress, it may bring unfavorable consequences, or even disasters, to mankind. Therefore, it is very beneficial for all countries to exchange views and experience on this in order to enable biomedicine to better benefit mankind and to minimize its adverse effects. Lin made these remarks while delivering a

speech concerning the relationship between the science of life ethics and its worldwide application, and the protection of human rights.

She pointed out: Due to differences in histories, religions, nationalities, and cultural traditions, and due to wide gaps between the levels of economic and medical development, it is only normal that individual countries differ in their views, policies, and specific ways to deal with the relationship between the science of life ethics and the protection of human rights. She said: "On issues that are still controversial, we are opposed to imposing one's own views on other countries; we particularly are opposed to fabricating lies and using protection of human rights as a pretext to arbitrarily criticize other countries."

She continued: Progress in biotechnology has brought many new problems to medicine and has posed a new challenge to the conventional concept of ethics. Transplanting of human organs and the applications of genetic engineering and modern artificial reproduction technology have brought a series of social, ethical, and legal problems, which have become problems of common concern of medical scientists, biologists, sociologists, people of religious circles, lawmakers, decision makers, as well as the public.

Speaking on transplanting human organs, Li Liyun stressed: "Encouraging voluntariness and seeking agreement are the basic moral norm for organs collection." She added: Although the laws of many countries prohibit commercialization of human organs and WHO also prohibits selling and buying human organs, it seems that transaction in this field is still going on in some developed and developing countries. And, the victims are poor people of developing countries.

On "human genetic fabrication," Li Liyun said this technology has opened up broad prospects for radically curing many diseases. She added: However, human's genetic information may be used for non-medical purposes, and genetic treatment is bound to face social, ethical, and legal problems; therefore, there is a pressing need to tighten management of and to provide better guidelines for the development of this technology.

United States & Canada

Christopher: China's WTO Accession Supported
OW1704225795 Beijing XINHUA in English 1940
GMT 17 Apr 95

[FBIS Transcribed Text] New York, April 17 (XINHUA)—U.S. Secretary of State Warren Christopher said today that the United States strongly supports China's accession to the World Trade Organization (WTO).

China's membership of WTO would help American and other foreign goods compete on the same level of field on the Chinese markets, Christopher told news reporters

before meeting with Chinese Vice-Premier and Foreign Minister Qian Qichen in New York.

He also praised the U.S.-China agreement signed in February on intellectual property as giving U.S. and other foreign exporters and investors greater confidence and providing improved market access for information and entertainment products in China.

Qian Discusses Issues With Secretary Christopher

OW1704225195 Beijing XINHUA in English 2208
GMT 17 Apr 95

[FBIS Transcribed Text] United Nations, April 17 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met with U.S. Secretary of State Warren Christopher here today and exchanged views on the bilateral relations and issues of common concern.

The Sino-American relations have improved in recent years thanks to the joint efforts, Qian pointed out. But, there are still some questions and difficulties which need proper solutions through earnest and down-to-earth manner, he said.

As the world situation is not stable and China and the United States have common interests, maintaining a good relationship between the two countries would benefit healthy development of the international situation, Qian said.

Qian stressed that the Taiwan question is an important and sensitive issue in the Sino-American relations. "We hope the American side would adhere to the principles stated in the three Sino-American joint communiques, to the policy of 'one China,' and limited the American-Taiwan relations in the non-official sectors," he said.

China would resolutely oppose any attempt to upgrade the American-Taiwan relationship, to make "two Chinas" or "one China, one Taiwan," he added.

Christopher said that the American side considered a strong, stable, opening and prosperous China conforms to the fundamental interest of the United States. The American side is willing to maintain good, stable, constructive and cooperative relations with China on the basis of equality and mutual respect, he said.

The two foreign ministers also discussed international security and regional security, including nuclear proliferation questions.

They considered that the success of the non-proliferation efforts conforms to the interest of both China and the United States. They agreed with close cooperation to promote realization of the nuclear non-proliferation goals. In order to promote the cooperation, they decided that officials of the two countries would meet frequently and discuss non-proliferation, nuclear control and related security questions.

Vice-Premier Qian and Secretary Christopher agreed that the nuclear Nonproliferation Treaty has played an indispensable role in promotion of non-proliferation, nuclear disarmament and peaceful utilization of nuclear energy. They discussed the value of extension of the treaty for realization of the goals and agreed to make coordinated efforts for success of the current Nonproliferation Treaty Review and Extension Conference.

They stressed the safeguarding peace and stability on the Korean Peninsula and the importance of realizing nuclear-free goal on the peninsula. They expressed support to the full implementation of the U.S.-DPRK framework agreement. They considered the dialogue between the north and south would play a key role for the peaceful process and stability on the peninsula.

Vice-Premier Qian and Secretary Christopher were glad that experts of the two sides held the first round of discussions on 1985 American-Chinese nuclear cooperation treaty on April 10-11 in Washington. They agreed that expansion of nuclear cooperation would benefit both sides. They decided that experts of the two sides would hold the second round of discussions on peaceful utilization of nuclear energy this summer.

They reiterated that the Sino-American joint communique on missile non-proliferation signed on October 4, 1994 and discussed the related questions. They agreed to hold MTCR (Missile Technology Control Regime) experts meeting stated in the communique.

The two sides also agreed to exchange views on the export control system of each side.

Stronger Demand Anticipated for U.S. Cars

HK1804084995 Beijing CHINA DAILY in English 17 Apr 95 p 5

[By Chang Weimin: "U.S. Car Sales To Move Up a Gear"]

[FBIS Transcribed Text] American cars bought by the Chinese Government have sold well and senior trading officials anticipate stronger demand.

This is a real contrast as thousands of the cars stood unsold for months in bonded warehouses at ports last year because of a recession in China's auto industry.

Chen Ping, vice-president of the China Trade Centre for Imported Automobiles (CTCIA), the State-chartered firm which sells the cars, said increasing numbers of Chinese are favouring U.S.-made cars.

At the Beijing Materials and Equipment Trade Centre, one dealer, authorised by CTCIA, has sold 130 American cars this year alone.

Chen predicted some American brands at CTCIA will soon sell out.

Dealers are eager to win contracts to market other brands.

Ford Tempo and General Motors Chevrolet Corsica are popular in the Chinese market.

The government bought 7,000 vehicles from America in 1992. It followed the order with another for 12,400 cars.

There was a lingering slump last year which affected sales of domestically-assembled and imported cars.

But the market has picked up speed and government officials and corporate executives hold guarded optimism for the whole of this year.

The task the State Economic and Trade Commission, boss of CTCIA, set for the trade centre is to use imports to balance supply and demand on the home market.

The government does not buy cars from overseas every year.

It buys according to changing market demand.

Chen claimed demand for U.S. vehicles has been robust nationwide.

American vehicles were popular with Chinese before 1949.

But, of more than 1.2 million cars imported over the past 16 years, U.S.-built ones are only a very small percentage.

But the American share of the market is expected to increase industry analysts say.

Chen cited several reasons for increased interest in U.S. cars.

Prices are competitive.

With tax imposed on imported cars, which are between 110 and 150 percent the original price, depending on engine size and model, plus 10 percent of the purchasing fee an American car can cost 200,000 yuan (\$24,000) and 300,000 yuan (\$36,000) [as published].

It's the same as Chinese-made cars and other imports.

The after-sales service and component supply by American cars has also improved.

Checks on American cars before sale ensure any problems caused by transportation are sorted [as published].

Ford claims to be able to provide after-sale maintenance for a year or the first 20,000 kilometres.

Ford says it has linked with the China National Automotive Trade Corporation to establish garages to service and repair its cars.

General Motors is planning to increase its service stations in China to 30 this year from 17.

American cars' capacity is 2.2-litre or 2.3-litre, below the ban level the Chinese Government set on their purchase for State-owned work units.

Some work units have preferred American cars to cars from other nations for replacement of vehicles that are old-fashioned or they fear would violate the State-imposed ban on what are considered luxury vehicles.

Central Eurasia

Li Tieying Meets Azerbaijani Official

OW1404133095 Beijing XINHUA in English 1133
GMT 14 Apr 95

[FBIS Transcribed Text] Beijing, April 14 (XINHUA)—Chinese State Councillor Li Tieying met here today with visiting Deputy Prime Minister of Azerbaijan Ekhen Efendiev.

At the invitation of the Chinese Ministry of Culture, Efendiev and his party are here to attend the opening ceremony of an exhibition of paintings by Azerbaijani artist Salltar Bakhlul-Zade, which opened here Wednesday [12 April].

The exhibition was the first of its kind in China since China and Azerbaijan established diplomatic ties in 1992.

During the meeting, both Li and Efendiev believed that the exhibition was a good start in Sino-Azerbaijani culture exchanges, which will promote bilateral exchanges and cooperation in other fields.

Li said that China is willing to further strengthen cultural exchanges with other countries including Azerbaijan. He noted that to learn from other countries' cultural traditions through cultural exchanges is an important part of China's policies of reform and opening to the outside world.

The State Councillor added that China hopes to develop friendly relations and cooperation with Azerbaijan in all fields, particularly in economic cooperation.

Efendiev said that his government values China's effort in developing relations with Azerbaijan.

CPC Leader Meets Russian Agrarian Delegation

OW1704144395 Beijing XINHUA in English 1417
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—Hu Jintao, a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met and had a cordial talk here today with a delegation from the Agrarian Party of Russia.

The delegation, led by the Russian party's president, Mikhail Lapshin, are here at the CPC's invitation. It is the first mission from a Russian political party ever to visit China.

Hu, also a member of the Secretariat of the CPC Central Committee, expressed his pleasure at the meeting, and

congratulations on the formal establishment of friendly relations between the CPC and the Agrarian Party.

China and Russia are friendly neighbors linked with common rivers and mountains, and the two peoples have enjoyed long-standing friendship, he said, adding that the ties have recorded smooth growth in recent years as a result of joint efforts.

He noted that China puts great emphasis on the establishment of 21st-century-oriented long-term and steady ties of good-neighborliness with Russia on the basis of the five principles of peaceful co-existence.

"China and Russia have great potential for co-operation in all spheres," Hu stressed.

The CPC leader voiced the belief that the friendly contacts between the CPC and the Agrarian Party will serve to enhance the mutual understanding of the two countries and two peoples, and to further propel the growth of relations between the two countries.

During the meeting, Hu also briefed the Russian visitors on China's reform, rural reforms in particular.

Lapshin said that his party is willing to do its best for the setting up of constructive and mutually beneficial relations with the CPC, and for the maintenance of long-term co-operation between the two parties.

Noting that China's constructive reforms over the past decade have struck root in the heart of the people and demonstrated bright prospects, Lapshin said that it will be useful for Russia to know more about China's reform experiences.

Lapshin and his party arrived here April 11. Apart from Beijing, they have toured Xian and Chengdu.

NPC, Russian Duma Friendship Groups Meet

OW1804110495 Beijing XINHUA in English 0942
GMT 18 Apr 95

[FBIS Transcribed Text] Beijing, April 18 (XINHUA)—Liu Suinian, Chairman of the Sino-Russian Friendship Group of the Chinese National People's Congress, held talks with V.A. Agafonov, head of the Russia-China Friendship Group of the Russian Duma, here this afternoon.

They exchanged views on strengthening bilateral ties and issues of common concern.

Agafonov and his 9-member party arrived here for a visit today.

Dollar To Be Sino-Russian Trade Medium

OW1804091995 Beijing XINHUA in English 0755
GMT 18 Apr 95

[FBIS Transcribed Text] Harbin, April 18 (XINHUA)—US dollars can be used as the medium of exchange in bilateral trade between China and Russia following the

recent signing of an agreement by banks of the two countries, which will take effect next month.

The agreement, which was signed by the Heihe Branch of the Agricultural Bank of China and a commercial bank in Amurskaya Oblast, has been ratified by the Agricultural Bank of China and the Central Bank of the Russian Federation. The two sides had exchanged copies of the agreement in Chinese, Russian, and English.

The move is aimed at allowing the opening of accounts in US dollars for border trade and handling transactions in dollars, using credit cards, drafts, or other forms of remittance.

It can also be used for paying transport and insurance costs incurred in border trade.

Previously, payment of border trade had to be settled through a third country, causing many troubles and leaving loopholes for illegal monetary transactions.

Northeast Asia

Qiao Shi Speaks on Nation's Economy in Japan

OW1704154695 Beijing XINHUA in English 1457
GMT 17 Apr 95

[FBIS Transcribed Text] Tokyo, April 16 (XINHUA)—China's sustained economic growth and increasingly close integration with the global economy would serve as a stimulant to the economic prosperity of the region and the world as a whole, China's top legislator Qiao Shi said in Osaka today.

China's rapid economic development would not cause even the slightest harm to any other country in the Asia-Pacific region, Qiao told a gathering jointly sponsored by economic organizations in the Kansai region, central Japan.

A peaceful international environment is indispensable to China's economic boost, which needs help and cooperation from developed countries, said Qiao, chairman of the National People's Congress Standing Committee. He added that the cooperation would undoubtedly benefit all involved.

China and Japan, which are neighboring countries and economically supplementary, could take advantage of "the similarities in their climates, their favorable geographical positions and the unity and support of the people" to develop cooperation in various fields.

And the Kansai region, which had helped pioneer Sino-Japanese cooperation, could give full play to the advantages in pushing bilateral economic cooperation to a new high, Qiao said.

Welcoming Qiao on behalf of the co-sponsors, Usuyi Takayuki, vice-president of the Kansai Committee for Economic Development, praised the Chinese legislature for its role in pursuing the policies of economic reform

and opening up to the outside world. The outstanding achievements made thanks to the policies are an inspiration to all Asian countries, he said.

The Kansai business people are fully ready to cooperate with China, particularly with Shanghai, China's biggest city, he stressed.

Further Reportage on Qiao Shi's ROK Visit

Speaks at Assembly Banquet

OW1704134395 Beijing XINHUA in English 1318
GMT 17 Apr 95

[FBIS Transcribed Text] Seoul, April 17 (XINHUA)—China hopes for a long-term peace and stability on the Korean Peninsula and for the ultimate peaceful reunification of the Peninsula, China's top legislator Qiao Shi said here today.

Qiao, Chairman of the National People's Congress (NPC) Standing Committee, made the statement at a banquet in his honor given by Hwang Nak-chu, Speaker of the National Assembly of the Republic of Korea (ROK).

"We sincerely hope that the Korean Peninsula maintains a long-term peace and stability and that both the Democratic People's Republic of Korea (DPRK) and South Korea increase confidence in and live friendly with each other and ultimately realize self-governing and peaceful reunification," Qiao said.

In the current world today featuring complicated and deep changes, the maintaining of peace, the promotion of development and the pioneering of a new future have been the irresistible historical trend, Qiao said.

Qiao described the Sino-ROK relations as having achieved noticeable progress over the two years since they forged the diplomatic ties in 1992 despite a status quo isolation from each other for dozens of years.

The formal contacts between the two parliaments since, particularly the exchange of visits by leaders of the NPC and the National Assembly have enhanced their mutual understanding and brought closer the links between the two parliaments, Qiao said.

The consolidation and the development of the Sino-ROK good neighborly relations conform to the interest of both countries and will be conducive to the peace and stability of the Asian region, Qiao stressed.

He hoped that two countries take the advantage of the favorable conditions to expand economic cooperation so as to help usher in a new phase in the bilateral economic relations.

Sharing Qiao's view, the ROK speaker stressed the importance of strengthening the contacts between the

two parliaments. The bilateral exchanges and cooperation particularly in the economic field would be important not only to the prosperity of northeast Asia but also to the whole Asia Pacific region, he said.

The speaker praised the role of the Chinese NPC and its Chairman in the country's political, economic and social progress thanks to the reform and the opening to the outside world policies.

Meets Kim Yong-sam

OW1804102795 Beijing XINHUA in English 1010
GMT 18 Apr 95

[FBIS Transcribed Text] Seoul, April 18 (XINHUA)—South Korean President Kim Yong-sam met Qiao Shi, Chairman of the Standing Committee of the National People's Congress (NPC) of China, in the presidential house here today.

During the meeting, Kim said that trade between South Korea and China has been developing rapidly and exchange of visits increasing since the two countries established diplomatic ties in August 1992.

He expressed the hope that South Korea-China relations, particularly their economic and trade ties, will further develop as time goes by.

Qiao also recalled that relations between the two countries have developed smoothly with bilateral economic and trade cooperation growing rapidly. "We hope that this trend will be maintained," he added.

On the issue of the Korean peninsula, Qiao said China hopes that the parties concerned will solve their existing problems by dialogue and peaceful means.

Kim said that his country is willing to play its role in resolving the problems peacefully.

After the meeting, President Kim hosted a luncheon in honor of Qiao.

Qiao is on a six-day visit to South Korea after a tour of Japan.

CPC Liaison Delegation Ends ROK Visit

OW1804054295 Beijing XINHUA Domestic Service in Chinese 1230 GMT 3 Apr 95

[By reporter Tang Shuifu (3282 3055 1381)]

[FBIS Translated Text] Seoul, 3 Apr (XINHUA)—A CPC delegation led by Li Shuzheng, head of the International Liaison Department, today ended its eight-day friendship visit to the Republic of Korea [ROK].

During the visit, Kim Yong-sam, president of the ROK and president of the Democratic Liberal Party [DLP]; Wang Nak-chu, speaker of the National Assembly; Yi Chun-ku, representative of the DLP; Prime Minister Yi Hong-ku; Hong Chae-hyong, deputy prime minister and minister of the Board of Finance and Economy; Foreign

Minister Kong No-myong; and others respectively met Li Shuzheng and her entourage. They exchanged views on the relations between the two parties and the two countries as well as issues of mutual concern. Ha Sung-bong, chairman of the DLP International Joint Committee held a working meeting with Li Shuzheng, during which they briefed each other and exchanged views on the work of their own party, as well as the exchanges between the two parties.

At the invitation of the DLP, the seven-member delegation arrived here on 27 March. During their stay in the ROK, they went to Pusan, Cheju, and other places for a visit. They also inspected some famous industrial enterprises.

Before her departure, Li Shuzheng told a XINHUA reporter that, through this visit, both parties achieved a consensus and mutual understanding about many issues, which is very significant for the further development of PRC-ROK relations in the future. Both parties held that the exchanges between the ruling parties of the PRC and the ROK—on the basis of independence, complete equality, mutual respect, and non-interference in each other's internal affairs—will be beneficial to the promotion of friendship and the development of ties between the two countries.

Southeast Asia & Pacific

Xishuangbanna Troupe Premiers in Burma

OW1704144095 Beijing XINHUA in English 1405
GMT 17 Apr 95

[FBIS Transcribed Text] Yangon [Rangoon], April 17 (XINHUA)—Visiting Chinese Xishuangbanna Troupe of Yunnan Province gave its first performance at the Myanmar [Burma] National Theater here tonight.

First Secretary of Myanmar State Law and Order Restoration Council (SLORC) Lieutenant General Khin Nyunt, SLORC Second Secretary Lieutenant General Tin Oo, and Myanmar ministers and Chinese Ambassador to Myanmar Chen Baoliu watched the performance.

The 45-member Xishuangbanna Troupe of Yunnan province, led by Vice-Chairman of Xishuangbanna Prefectural Committee of the Chinese People's Political Consultative Conference Han Peigen, arrived here on April 5 for a three-week visit to Myanmar at the invitation of Lieutenant General Khin Nyunt.

The troupe had given performances in Taunggyi and Bahtoo and taken part in Myanmar traditional Water-Sprinkling Festival by entertaining Myanmar public with songs and dances.

Lao Party Sends Condolences on Chen Yun's Death

OW1804062295 Beijing XINHUA Domestic Service in Chinese 1439 GMT 14 Apr 95

[FBIS Translated Text] Beijing, 13 Apr (XINHUA)—The Central Committee of the Lao People's Revolutionary Party on 13 April sent to the CPC Central Committee a message of condolence, expressing heartfelt condolences over the passing away of Comrade Chen Yun.

The text of the message follows:

To the CPC Central Committee, Beijing:

We are distressed and deeply grieved to learn of the passing away of Chinese leader of the older generation Comrade Chen Yun.

Comrade Chen Yun was an outstanding Chinese party and state leader, great proletarian statesman, and distinguished economic strategist and social activist. He made great, important and outstanding contributions to China's revolutionary cause and to his motherland's construction and development during the new period.

Comrade Chen Yun's passing away is a great loss to China's party, government, and people. The Lao party and people have lost a great and close friend.

We would like to express our most heartfelt condolences over Comrade Chen Yun's passing and extend our cordial sympathy to the CPC Central Committee, the Chinese people, and Comrade Chen Yun's relatives and friends.

From the Central Committee of the Lao People's Revolutionary Party

[dated] 13 April 1995, Vientiane.

Zou Jiahua Meets Singapore UTUC Delegation

OW1804110695 Beijing XINHUA in English 0943 GMT 18 Apr 95

[FBIS Transcribed Text] Beijing, April 18 (XINHUA)—Chinese Vice-Premier Zou Jiahua met here this afternoon with a delegation from the Singaporean National Trade Union Congress (NTUC), and they exchanged opinions on issues of common concern.

The six-member delegation headed by NTUC Secretary-General Lim Boon Heng arrived here Monday [17 April] at the invitation of the All-China Federation of Trade Unions. They are also scheduled to visit Dalian and Shanghai.

Reportage on PLA Chief Visit to Vietnam

Zhang Arrives in Hanoi

OW1604151695 Beijing XINHUA in English 1413 GMT 16 Apr 95

[FBIS Transcribed Text] Hanoi, April 16 (XINHUA)—Zhang Wannian, Chief of the General Staff of the Chinese People's Liberation Army (PLA), arrives here today for a six-day goodwill visit to the country.

Zhang and his delegation were invited by his Vietnamese counterpart Dao Dinh Luyen, Chief of the General Staff of the Viet Nam People's Army (V.N.P.A.).

Zhang inspected the guard of honour of the three services of the V.N.P.A. After his arrival.

The three-nation tour by Zhang has brought him to Laos and will bring him to Indonesia later.

Meets Vietnamese Official

OW1704172395 Beijing XINHUA in English 1649 GMT 17 Apr 95

[FBIS Transcribed Text] Hanoi, April 17 (XINHUA)—Vietnamese Prime Minister Vo Van Kiet and Defence Minister Doan Khue met visiting Zhang Wannian, Chief of the General Staff of the Chinese People's Liberation Army (PLA) here today.

During the meeting, the two Vietnamese officials expressed hope that the goodwill relations between China and Vietnam and their armies will constantly develop.

Zhang noted that Chinese people and army treasure their traditional friendship with Vietnamese people and troops, adding that the aim of his visit is to further develop the relations between armies of China and Vietnam.

This morning, Zhang met his Vietnamese counterpart Dao Dinh Luyen who invited Zhang and his delegation.

The three-nation tour by Zhang has brought him to Laos and will bring [him] to Indonesia later this month.

Political & Social

Court Rejects Dissident Bao Ge's Appeal

HK1704115995 Hong Kong AFP in English 1134 GMT
17 Apr 95

[FBIS Transcribed Text] Shanghai, April 17 (AFP)—A Shanghai district court has rejected the appeal of Bao Ge, one of China's most active dissidents, against a three-year jail sentence in a labour re-education camp, his mother said Monday. Wang Yufang said the court heard Bao's appeal on March 23 in his labour camp in Dafeng in neighbouring Jiangsu province and released its decision April 10 to uphold the sentence which was handed down administratively.

The district court last week also rejected the appeal of Yang Zhou, the spokesman of the Shanghai-based China Human Rights Association, who was arrested along with Bao Ge and several others in a police swoop last May and June. The police sentences on Bao and Yang were handed down administratively under Chinese laws which allow for sentences of between six months to three years without trial.

"I was unable to hire a lawyer for him because no one would represent him. His sister represented him but she has no legal background," Wang said, adding that her son had requested that the sentence be changed or withdrawn. "At the hearing, Bao Ge said that he would appeal (to a higher court) if the sentence was upheld," Wang, who attended the hearing, said.

Wang said that as a mother she had no intentions of getting involved in her son's activities but after hearing the arguments in court she felt "that (the authorities) had no right to detain him." "His activities showed that he loves his country. As a mother, I feel that (the detention) is wrong. They have violated his rights," she said. She said that Bao had 15 days to file his appeal to the Shanghai Intermediate People's Court against the district court's decision.

Authorities had charged Bao with conducting a sit-in outside Shanghai's police headquarters in 1993, demanding the release of another dissident Zhang Xianliang, also sentenced to three years. Bao was also detained after filing a request with Shanghai authorities to register officially a human rights organisation in the city. He had also been active in seeking compensation from Japan for its war crimes.

Tibetan Nun Dies After 'Maltreatment in Custody'

HK1804085495 Hong Kong SOUTH CHINA
MORNING POST in English 18 Apr 95 p 7

[By Robert Barnett]

[FBIS Transcribed Text] A Tibetan nun who was held as a political prisoner has died, allegedly as a result of maltreatment in custody.

She is the 10th political prisoner since 1987 to die shortly after leaving prison.

Gyaltsen Kelsang, 24, had served 18 months of a two-year jail sentence when she died at her home on the outskirts of Lhasa in February. She had been allowed to visit her home for medical reasons, but was still technically in custody and due to return to prison.

Sources in Tibet said she was beaten when she was first arrested nearly two years ago, and again after being transferred to Drapchi, Lhasa's main prison, 18 months ago.

"She was badly beaten there, became weak and was put to hard labour," said one source. "Her health worsened and she was bedridden for more than 20 days in prison, but the prison guards did not care."

In late November, she was taken from Drapchi Prison to the Police Hospital in Lhasa where she was diagnosed as suffering severe kidney problems, said unofficial Tibetan sources.

In the hospital she lost movement in her lower limbs and her speech was impaired.

"From the waist down she was very thin and didn't feel anything in either of her legs, so that she wouldn't know if you put a needle in her leg," said a Tibetan who visited her.

"At the time I saw her she couldn't eat and her face looked really dry. She was very scared of dying and could hardly speak."

After a month without improvement, she was sent home to her parents on medical parole.

Her family arranged for her to be admitted to a Tibetan hospital where doctors, using traditional Tibetan medicine, diagnosed a chronic condition which they said had been complicated by treatment given in the Police Hospital.

She stayed for nine weeks in the hospital without improvement and died seven days after returning home for the second time.

Sources in Lhasa say her death is related to her treatment in prison. When the body was prepared for a traditional Tibetan burial, friends said it showed signs of severe maltreatment.

"If it was kidney damage that killed the nun, then it is due to torture," said a Tibetan close to the case. "The diagnosis by the doctors at the Tibetan hospital notes that the nun was also suffering from chronic problems—but she was in good health when she was admitted to prison."

Gyaltsen Kelsang, whose lay name was Kelsang Drolma, came from a village in Nyangdren township, beside Dode, on the outskirts of Lhasa. She received a two-year

sentence for taking part with 11 other Garu nuns in a pro-independence demonstration on June 14, 1993.

In October 1994 European diplomats visiting Lhasa raised the case of the nuns with Yang Chuantang, the vice-chairman of the Tibet Autonomous Region, who told them the nuns had been convicted of "separatist activities".

'Activist' Dai Qing on Post-Deng Division

OW1804105295 Tokyo EKONOMISUTO in Japanese
 21 Mar 95 pp 78 - 83

["Special" article by Dai Qing, adopted daughter of the late CPC elder Ye Jianying and Tiananmen activist, presently a Harvard University special researcher: "Dictator and Successor: Will Jiang Zemin Become the Second Hua Guofeng?"; with an interview with Dai Qing by Kenji Bando, Tokyo MAINICHI SHIMBUN Hong Kong Bureau staffmember; place and date not given]

[FBIS Translated Text] Successor of "Revolution" Destined to Fail

In connection with PRC politics, the biggest concern of the Chinese, as well as foreigners, today is whether "General Secretary Jiang Zemin, who Deng Xiaoping named as his successor, may be retired to private life like CPC-Chairman-Mao-Zedong-designated-chairman Hua Guofeng did." The answer requires clarifying the relationship between the dictator and his successor.

It is called authoritarianism or dictatorship when decisions, made by a human being on whatever the matter, are not subject to any form of restriction. It may be pleasant for a man to be a great dictator, but that kind of person has to have a reason or legitimacy to be so. In history, such legitimacy could be born out of heredity or religion—sovereign power or theocracy.

Although such cases still remain, they seem to have become nostalgic and expensive toys of ordinary people in contrast to the modernized nobility who have lost interest in authoritarian politics. The concept of "nation" is also one basis of such "legitimacy." In my opinion, as civilization progresses and roles of the throne and religious authority recede, I am sure that the annoying entity—"nations"—will become the most troublesome problem in the world.

Another basis of "legitimacy" is "revolution," which will be dealt with in this article.

Excepting the changes that have taken place in Taiwan during the past five years, China has had some sort of despotic government throughout the recent turbulent 100 years, not to speak of its 2,000-year history. And the two great rivals and dictators, President Jiang Jieshi [Chiang Kai-shek] and Chairman Mao Zedong, used the same excuse—"nation" and "revolution."

Generally speaking, it is difficult to practice authoritarianism with two such excuses in comparison to royal or divine authority. It is different from being declared "sacred and inviolable," which frees one from restrictions. It is different because more people may dare death to challenge authority rather than challenge the throne.

Unfortunately, they also get old and face death. They cannot bear to throw away the fortune they built by enduring various hardships during their lives. The problem of succession ensues. Additionally, unfortunate things for them are that they do not lend their ears to others' opinions. They have no choice other than to handpick their successors.

However splendid the person selected is on the basis of career, intelligence, character, and likes and dislikes, he or she cannot surpass those recommended by the people on the basis of group knowledge. Furthermore, dictators' close attendants lack in talent and experience. As a matter of course, successors designated by people who enact dictatorship in the name of revolution are most likely to fail. History is replete with such examples.

The reasons are quite simple. Dictatorship is interactive in that controlling the people can be possible because the people are possessed with the idea of reliance and obedience. As a matter of fact, a dictator usually is blessed with opportunity and inherent abilities of erudition, stubbornness, shrewdness, or cruelty; but it is impossible for him to dismiss his closest associates without admitting his errors.

People are subservient to a dictator because they cannot resist his individual charm or way of governing. How about his successor? What are the people's guidelines in deciding whether or not to obey him? This is why Hua Guofeng desperately decided to stick to "prearranged policies."

General Secretary Jiang Has Many Advantages

Deng Xiaoping, a reformist who has left undeniable achievements, is about to end his life. He named General Secretary Jiang Zemin his successor. The situation very well resembles the events that took place between 1975 and 1976. So the aforementioned question comes to mind.

In my opinion, Jiang will not follow the precedents of Hua, who resigned. As times change, the situation will become different. Let me analyze concrete reasons why Hua Guofeng had to fall and see if such reasons can be applied today.

First of all, the question is "political lines."

Hua Guofeng was Chairman Mao Zedong's successor. In 1976, the year Mao died, the "Quotations From Chairman Mao Zedong" was spread throughout China but the level of reverence for Chairman Mao was unparalleled low compared to the past. When the well-known "first Tiananmen incident" occurred in the spring of

that year, the voice of resentment was heard from mouths of the 1 million people who took to Beijing's streets.

Hua Guofeng, who was already in the position of successor, made an oath before Chairman Mao's corpse, clutching the hands of the bereaved family. He also started the construction of a memorial hall that was later canceled. These things are not difficult. The question was how to deal with the political line of his benefactor, Chairman Mao, who had made the people suffer and outraged them and whether or not he had to uphold them and how.

Jiang Zemin's case is totally different. The "stabilized unity" and "reforms and open-door policy," lines left by Deng Xiaoping, have won the hearts of the people. Nobody would object to a plan to proceed with economic construction in a peaceful environment. Deng Xiaoping's words have been proven true: "Any problem can be solved when economic policies proceed well."

Generally speaking without partiality, General Secretary Jiang lacks a reform ideology. Jiang was awakened at long last when he accompanied Deng on his southern China tour in the spring of 1992. Since then he is imitating his tutor and dares not oppose the latter's policies. Moreover, Vice Premier Zhu Rongji was summoned to Beijing and made to take on General Secretary Jiang's duties and to become the actual conductor of "Deng's reform." In the future, General Secretary Jiang can proceed smoothly with lines that won the people's hearts by only giving orders. This is quite an advantage compared to Hua Guofeng.

Then, how about things related to the military?

From 1976 to 1978, military authority was in the hands of Marshal Ye Jianying, who arrested the "Gang of Four." Chairman Mao regarded Marshal Ye as a man who saved "his life" and "who does an important job in a satisfactory manner." Thus he escaped expulsion by Mao after Lin Biao's fall. However, in essence, he was not a follower of Mao's lines in the final years.

Superficially, he was certainly an avowed associate of Hua Guofeng and former CPC Vice Chairman Wang Dongxing after the arrest of the "Gang of Four." However, he was well aware that China would not be governed smoothly by those who brandished the "Red Treasure Book" ["Quotations From Chairman Mao"; the "Little Red Book"] and that the only way out was to solve economic problems. Historically interesting is the fact that Marshal Ye was not the kind of man who attempted to attain his ambition by military means but a modest man who understood that people other than himself could manage the economy intelligently. That was why he wholeheartedly supported and prepared for the restoration of Deng Xiaoping and Chen Yun from 1977 to 1978. Of course, he did not wish nor think that the two would expel both Hua Guofeng and Wang Dongxing. At that time, he was too old to do anything. In

consideration of such an [Marshal Ye's] attitude firmly held by the military, I doubt if Hua Guofeng had any other choice [in how he behaved as Mao's successor].

How about General Secretary Jiang? Deng Xiaoping handed Jiang the chairman's position of the military commission, which he kept in his hands to the last. This he did not do with General Secretaries Hu Yaobang or Zhao Ziyang. At the 14th CPC convention in 1992, Deng gathered all the powers for Jiang, took measures in opposition to the military tradition of decades by dismissing cadres who tended toward "becoming powerful," and replaced them with mild technocrat-type military leaders. What is more, Deng supported Jiang, who has no military past and permitted him personally to dismiss old and high-ranking cadres and newly appointed senior generals. By repeatedly increasing military budgets since 1989, Jiang has become the only guest the military cadres treat with superior grade maotai liquor. I do not think anybody can make such thorough preparations. In that sense, General Secretary Jiang's status is superior to Hua Guofeng's.

Opposition Groups Are Powerless

How about the movements of opposition groups?

The political group opposed to Hua Guofeng was comprised of those who later corrected the final years' errors of Chairman Mao Zedong. It included a majority of well-informed Chinese people and ordinary cadres of all classes who were victimized by Mao Zedong lines. They were not only large in numbers but were in high spirits with the right opinion. The historical analyses of the later "panel on making the truth the standard," that denied making each word of Mao Zedong a standard, and the third general meeting of the 11th Central Committee, which denied Mao's class struggle theory, describe the repulsion of these opposition groups that asked what sort of historical mission and how much pride these "less-known local secretaries who ascended aboard helicopters" had.

The forces opposing General Secretary Jiang are versatile. Except for groups motivated by contempt, jealousy, grudges, and so on, the genuine oppositionists are leftists who have incessantly annoyed Deng Xiaoping since the eighties, professing themselves to be "old revolutionaries." They do nothing but talk theories and thus are ignored by scholars who have come to possess worldwide vision through the open-door policy and people who belong to the "new class." The ordinary people who want peace definitely do not want to shout slogans, as was done in the fifties and sixties.

From the point of view of power, these leftists were removed from high-ranking positions and it is unavoidable for them to get old and die at last. Their followers from the old days were scattered all over. Even their children and grandchildren were busy enriching themselves by tampering with the national treasury. And these leftist oppositionists do not have successors.

Then, how about the rightists? Targets of the old leftists as abused "representatives of the bourgeois" were actually imaginary enemies the old leftists had invented to make themselves look important. Among the people who ran away from the country after a volley of machine-gun fire in Tiananmen Square are those who set up organizations and wave small flags at all times and make remarks and acts that surprise people, because they know making imaginary enemies serves as a means to collecting money.

Those who stayed on in China after the incident and firmly uphold their critical position are attempting to make China's reform a complete one by making their wisdom available, whatever their assertions. Although their existence does not serve to make the vision and thinking of the present regime open, it surely serves to cast an enlightening factor for future development. If General Secretary Jiang regards them simply as political foes, that means he lacks knowledge and wisdom.

Local and enterprise bosses who possess the strongest power are most likely to become formidable enemies, if they are treated wrongly. However, they are not political foes, to say the least. They are competitors among themselves in pursuit of economic interests. Whether General Secretary Jiang can become a powerful leader in a transitional period depends on whether these people are won over to his side or made his enemies.

Finally, let us look at and compare the leadership systems of Hua Guofeng and Jiang Zemin.

In 1976, Chairman Mao entrusted people he had trusted in the hands of Hua Guofeng. You can easily imagine what sort of people they were, in view of the fact that, since 1964, the great leader treated most coldly people who dared make critical comments on economic matters.

General Secretary Jiang's case is completely different. During Deng Xiaoping's 15-year rule, those already in important positions and those who are to be appointed to such positions have had plenty of opportunities to demonstrate their abilities; and outstanding people have firmly established their footholds. In view of the CPC system for appointing cadres, the present system of Deng's corps is priceless. Despite this, if Jiang thinks that he lacks able personnel around him, that proves that China, a long-time closed society, has stayed on the same level and has never developed or shows that Jiang is too alert against factional activities.

Transition From Traditional to Modern Society

It is not easy for one to succeed a dictator. Though it is a once in a lifetime chance, the burden seems to be comparatively heavy.

Everybody knows the situation and the reason Jiang was summoned to Beijing from Shanghai. It is not forgotten that before his promotion he had ended the publication of good periodicals and had made outstanding men of

ability resign. It cannot be forgotten that, at the dictator's instruction, Jiang delivered a menacing and nonsensical lecture. For that reason, if ever a conspiracy takes place against Jiang, it cannot be said to oppose popular will. It may be a coincidence that he obtained such a position, but he cannot maintain that position by chance.

Taiwan's late President Jiang Jingguo immediately succeeded his father's work and launched a project to turn the traditional society to a modern one. From such reasoning, is it possible to compare it with China? China is a vast country with a complex background. However, in the first half of the difficult transition, Deng Xiaoping has already initiated germinating such indispensable factors for modern society as a private property system, diversification of society and exchange on parity, free movement of the labor force, and awakening national consciousness to an open society. Jiang has been historically entrusted with the remaining half that requires much more knowledge, wisdom, endurance, and means, although it is less difficult than the first half.

Under the pretext of maintaining social stability, Jiang has to overcome what Chairman Mao Zedong left Deng Xiaoping and Deng could not manage but leave to Jiang—control over thought and the press. He also has to put all products of new legislation in the right order and safeguard them. Deng's most favorite "land contract system" is among them, because this system has not yet solved the land ownership problem. Furthermore, cleaning the minefield called "national property" requires more than luck. That is not all. The leaders of the three armed forces branches are not ordinary men who will be satisfied with insufficient military expenses. It is necessary to understand that Jiang is not a synonym of a civilian controlled government supported by the military nor of military power. General Secretary Jiang faces complex and unavoidable problems.

Deng Xiaoping's eventual death will put a final period mark to the time when a WW II hero continued to rule even in a peaceful era. The world will enter a time of dialogue among new leaders. General Secretary Jiang will join in such a dialogue a little belatedly.

It is probable that he does not need to designate a successor.

Even Division Is Not So Bad

[Bando] In concrete terms, what sort of effects will Deng Xiaoping's death bring to China's political scene?

[Dai] Deng's death is something like taking the weight off one of the two pans of a balance. As a new adjustment is inevitably needed on the balance, a rise and fall of various forces will take place. When Deng is in good health, for example, even a member of the leadership, in fear of affecting his status, avoids making public views different from Deng's as it will be taken as criticism of

Deng. If Deng is gone, there may appear people who dare make different public views when opinions are divided.

Another Mao Zedong or Deng Xiaoping will not appear. There no longer are people embracing such popularity and authority with dictator's quality.

[Bando] What are the reasons for your assertion that no dictator will appear?

[Dai] One reason is that a person with such qualities can no longer be found. Chairman Mao and Deng could attain their positions because they were China's choices after going through various frustrations. The second reason is that both the leadership and the ordinary people do not need such a person. Everybody hopes that policy decisions can be made under certain restrictions.

[Bando] You anticipate that the Jiang system will continue. Is it not possible that things will go in a different direction?

[Dai] That possibility remains. China has a tradition that feudal lords with military power, like the old military lords, compete among themselves. If such a thing takes place, it is not good for anybody.

[Bando] The U.S. Defense Department issued a report saying there is a 50-percent probability that the PRC will be divided.

[Dai] Since the Qin Dynasty, China has established a fixed idea that it is good to have unity and as much territory as possible. However, I do not think it is definitely bad to have a divided China.

At present, local forces are growing with increased economic profits and the idea of secession was born in China. There are various steps in going independent or being divided. For example, one way is to make the military and diplomacy one entity but money will be divided. It should not be forced but should be based on an agreement. If mistaken, it embraces the possibility of civil war. It is better to wait until China becomes stabilized, rich, and attains high cultural standards.

[Bando] If ever there is a force that challenges the Jiang system, what kind will it be?

[Dai] If such a thing takes place, it will be when Jiang goes too far in doing things. He will be opposed if he tries to kick somebody else out. Jiang should take a step back and let others demonstrate their abilities. Then nobody would dare challenge him.

[Bando] What is your assessment of General Secretary Jiang?

[Dai] I think he is a transitional figure who does not have strong individual characteristics. Deng chose him in an emergency. In the future, it is highly possible that he will be replaced by somebody who has different characteristics. In that case, he should not resist. Jiang will have served a great role if he succeeded in stabilizing Chinese

society. If he cooperates with the leadership Deng personally chose, including such figures as Qiao Shi, Li Ruihuan, and Zhu Rongji, and if he does not wage a court struggle, a collective leadership will continue for a while—five to 10 years. Such a system is balanced with restrictions on policymaking decisions. And it will be a step closer to a democracy.

Furnishing Money to the Military

[Bando] Anybody who becomes the party general secretary holds a certain level of authority, does he not?

[Dai] According to the party charter and platform and the Constitution, the leaders' power is subject to restriction. When Chairman Mao or Deng Xiaoping was in the supreme position, nobody bothered with the party charter or platform. However, when Jiang Zemin is in that position, everybody brings out the party charter, so his authority naturally is subject to restriction.

[Bando] Can Chairman Jiang control the military?

[Dai] A positive comment cannot be made. The attitude of Jiang toward the military and that of former General Secretary Zhao Ziyang are completely different. Zhao Ziyang proceeded with armament and military expenses reductions. He stopped giving central government assistance to the military and instead gave the military policies to follow. Business transactions by the military began during Zhao's days. However, the military engaging in business is the worst thing to happen. For example, if military and local interests are combined, military intervention would take place if the interests of Hunan Province and Guangdong Province clash. It would be tragic if a clash between the Hunan and Guangdong military districts occurred.

Having seen Zhao's policy fail, Jiang started to give money to the military as soon as he took over as CPC general secretary. The military demanded an increase in its budget to modernize armaments, that kicked off a large-scale increase in military expenses. It is terrible to spend money only for the military, when the Chinese economy faces a multitude of difficulties.

[Bando] Do you think that the military will become an unstable factor in the post-Deng period?

[Dai] Deng Xiaoping himself already attempted to eradicate that unstable factor, by expelling the families of Yang Shangkun, former chief of state, and Yang Baibing, former chief secretary of the Central Military Commission. It is not certain whether the forces backed by the Yang family would attempt a comeback after Deng's demise. It is probable that some other forces will appear.

Factions Said Trying To Place Protoges in Posts

HK1804085595 Hong Kong SOUTH CHINA
MORNING POST in English 18 Apr 95 p 8

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Major factions in the leadership are manoeuvring to install their proteges in the Beijing municipal party committee and Government, which are expected to witness major reshuffles later this year.

Chinese sources said yesterday the positions of Beijing party boss Chen Xitong and Mayor Li Qiyang had been rendered difficult after a spate of arrests of local cadres on alleged economic crimes.

They said, however, that as the political forces were about "evenly matched", a new party boss or mayor is unlikely to be named soon.

Beijing diplomats had circulated two candidates for chief of the Beijing committee, a position with Politburo ranking—Shanghai Party Secretary Huang Ju, President Jiang Zemin's protege, and State Council Secretary General Luo Gan, Premier Li Peng's confidant.

But a source said it was also possible that a politician from the 12-member Beijing committee be picked to succeed Mr Chen.

"While both Huang and Luo have good backing, their move to Beijing might alienate powerful vested interests in the municipality," the source said.

"In spite of the flak he has received, Chen is putting up vigorous resistance against calls for his resignation."

While Mr Chen has also been linked to the Tiananmen Square crackdown, he enjoys the support of politicians close to two powerful members of the so-called Beijing Faction, former National People's Congress chairmen Peng Zhen and Wan Li.

The source added that to deflect criticism that he was promoting a Shanghai Faction member, Mr Jiang might settle for relatively neutral technocrats already serving on the Beijing committee.

Since late last year, Mr Jiang has tried to boost his powers by consolidating his ties to the Army, in particular the crucial Beijing Military Region.

Failure to oust Mr Chen, a long-time foe, might be interpreted as evidence that Mr Jiang's hold on national politics is weaker than thought.

Meanwhile, influential party elder and former Politburo member in charge of organisation, Song Ping, is also trying to influence the outcome of the reshuffle.

Analysts said while Mr Song's handpicked successor as organisation chief, Hu Jintao, had largely co-operated with Mr Jiang, he had his own agenda.

Xinhua (the New China News Agency) last night quoted Mr Hu as giving instructions on personnel issues while touring rural central counties last week.

"Training superior young people and inducting them into the party is a matter of significance and high urgency," he said. "We must have a strategic outlook on this."

Mr Hu, generally considered more liberal than Mr Jiang, toured the revolutionary base of Shanxi province in an apparent bid to win the backing of conservative party elders.

'Unity Above All' Seen as Reason for Reconciliation

HK1804071295 Hong Kong EASTERN EXPRESS in English 18 Apr 95 p 6

[By Bruce Gilley]

[FBIS Transcribed Text] Ailing patriarch Deng Xiaoping made up with his sometime opponent and fellow party immortal, Chen Yun, shortly before the latter's death, Deng's brother said yesterday.

It came as officials announced that Chen's ashes would be interred today with the same status as that of Communist China's founder, Mao Zedong. The belated attempts to redeem the long outcast Chen could reflect a desire to maintain the appearance of "unity above all" among the senior leadership amid fears of a power struggle after the passing of sick party elders, analysts said.

Speaking to Eastern Express from his home in the central city of Wuhan yesterday, Deng Ken said a reconciliation had taken place between his older brother and Chen, but he did not know the exact date. "In recent years they did not have much contact, but they reached some understanding," he said.

The mending of fences is thought to have taken place early last year, according to diplomatic sources in Beijing and Shanghai. One source said Deng visited Chen in the summer, shortly after making a visit to a coastal resort in Shandong province. But it was not clear if the meeting took place at the resort or in Beijing, where the pair were both already under intense medical care.

The oft-expressed view that Deng and Chen were opponents was "mainly just talk", Ken asserted. "But they did have some natural conflicts," he added, without going into details. While Deng initially borrowed many of Chen's ideas to launch economic reforms in 1978, differences over the pace and scope of dismantling communism coloured their relationship throughout the 1980s. Chen famously questioned the need for special economic zones as early as 1981, and upheld his refusal to visit one right to the end. But as Chen fell by the wayside in the face of Deng's spectacularly successful reforms, the latter became more virulent in his attacks. The breach reached its widest in early 1992, when Deng is said to have named Chen as one person with "not enough guts" during triumphant tours of southern China and the then-model Capital Iron and Steel Company in Beijing.

The rekindling may have begun when Deng met Chen in Shanghai in early 1994, where they were both passing the New Year. By then, Deng looked like dying first, while fast economic growth had taken root again.

Flags will be flown at halfmast throughout China today to mark the cremation of Chen, who died last Monday in Beijing aged 90. After a ceremony at the Beijing Hospital, which is likely to include all politburo standing committee members, Chen's body will be taken in a glass-covered coffin to the Babaoshan cemetery of revolutionary martyrs for cremation.

Ken was not aware of which members of the Deng family would attend the ceremony, as he had not been in contact with his brother's household this year. "He [Deng Xiaoping] is old now and I do not want to disturb him," he explained. However, he said there was no bad blood between the two families as a result of the long estrangement between the pair. "Chen was a great state leader and revolutionary hero, so we all feel sorrowful about his death," he said.

The urn containing Chen's ashes will be interred in a section of the cemetery to the right of fellow party immortal, Li Xiannian, who died in 1992, reports in Beijing-backed newspapers in Hong Kong said yesterday. The section, which also contains the urns of party heroes Ren Bishi and Zhu De, was used to remember these and other deceased leaders, including Mao Zedong and Zhou Enlai, before a campaign against lavish funerals in 1991.

Song Ping Praises Jiangxi Province Achievements
OW1704134695 Beijing XINHUA in English 1309
GMT 17 Apr 95

[FBIS Transcribed Text] Nanchang, April 17 (XINHUA)—Song Ping, a retired senior official of the Chinese Communist Party, made a 14-day investigation tour of east China's Jiangxi Province from April 3 through 16.

During his visit to Nanchang, Jiujiang and some other major cities in the province, Song Ping, who inspected Jiangxi ten years ago, highly appraised the great achievements the province has made in the past decade in consolidating and promoting the family-responsibility contract system in its rural areas.

Within ten years since 1985, the province had quadrupled its annual gross domestic product, six years ahead of schedule.

Song also urged the province to establish and perfect a social service network for agricultural production.

Deng Pufang To Improve Tibet Disabled's Welfare

HK1704134595 Beijing ZHONGGUO XINWEN SHE
in Chinese 1452 GMT 7 Mar 95

[By reporters Zhang Rongzhou (1728 2837 3166) and Wang Yao (3769 3852): "Deng Pufang Hopes To Strengthen Welfare for the Disabled in Tibet"]

[FBIS Translated Text] Beijing, 7 Mar (ZHONGGUO XINWEN SHE)—At the Jingxi Guesthouse Tonight, Deng Pufang, president of the Chinese Federation of for the Disabled, held informal talks with those in charge of the Tibetan delegation to the National People's Congress.

Deng Pufang expressed his thanks for the establishment of the Work Coordination Committee for the Disabled in the Tibet Autonomous Region, and the establishment of organizations for the disabled in the autonomous regions, prefectures, cities, and six counties. He was impressed by the achievements attained by Tibet in recent years, such as recovery from cataract (a cure rate of 67 percent), polio correctional operation (50 percent), and efforts to offer jobs to several hundred disabled people in factories, or to send them to school, and even receive higher education in Tibet. According to briefings, when a medical team dispatched from Beijing completed its healing tasks and was about to depart, the local Tibetan residents voluntarily saw it off for several hundred li. After regaining their eyesight through operation, some lamas happily kowtowed to the Buddha.

Given that people at home and from abroad show much concern for the lives and medical treatment of the disabled in Tibet, Deng Pufang said it was necessary to adopt a preferential policy under which more manpower, material, and financial resources are used to support Tibet in further undertaking such tasks. As the proportion of the disabled in Tibet is not small, doing a good job in the cause of the disabled will have a positive impact on safeguarding the solidarity of nationalities and on national unification. Meanwhile, it is also a task of promoting humanism and benefiting people.

Deng Pufang also said that he would like to visit Tibet if his health permits. Deng Rong went to Lhasa in August of last year.

Chen Kuiyuan, secretary of the Tibet Autonomous Regional CPC Committee, and Gyaincain Norbu, chairman of Tibet Autonomous Regional People's Government, expressed their thanks for his remarks. They asked Deng Pufang to extend their regards to Deng Xiaoping.

CPC Members Study Deng Theory, CPC Constitution

OW1704145795 Beijing XINHUA Domestic Service in Chinese 2126 GMT 3 Apr 95

[FBIS Translated Text] Beijing, 4 Apr (XINHUA)—According to information released by the CPC Central Committee Organization Department, the study of the theory on building socialism with Chinese characteristics and the CPC Constitution has gradually been unfolded among all party members since the 14th party national congress, and particularly since the Central Organization and Propaganda Departments issued the "Opinions on Carrying Out the Study of the Theory on Building

Socialism With Chinese Characteristics and the CPC Constitution Among Party Members." In some localities where arrangements were made earlier, rapid progress and initial success have been achieved.

It is reported that most local party committees have already researched how to carry out the study. Relevant departments under them have drafted and issued documents and made concrete arrangements for the study among local party members. In Liaoning Province, principal leading comrades personally take a hand in the party members' study program and higher levels lead the next lower levels in study, thus effectively promoting the study drive. After the Spring Festival in Pingxiang, Jiangxi Province, the first thing done by the leading cadres—secretary, deputy secretaries, party committee standing committee members, mayor and vice mayors, people's congress standing committee chairman, and chairman of the city Chinese People's Political Consultative Conference—was to go to their assigned spots in rural areas to join the peasants in studying the theory and the CPC Constitution. They gave lectures in light of rural reality and helped solve conspicuous problems among primary party organizations and party members. In some localities, leading bodies for the study activity headed by principal local leaders have been set up, with relevant local department heads serving as directors of the working offices of the leading bodies to provide timely guidance for the study.

In some localities, the first step taken was training backbone members for the study. The training has laid a good foundation for organizing and guiding grass-roots party members in study. In October 1994, the Shanxi party committee Organization Department held a 20-day demonstration class for rural party branch secretaries in the provincial party school and gained experience in training party branch secretaries for the study activity. The Inner Mongolia Autonomous Regional party Organization and Propaganda Departments separately held backbone members training classes attended by 400 secretaries of league, city, banner, and county party committees and rural party branches. The league, city, banner, and county party committees have also trained backbone members for the study at various levels. Shanxi and Qinghai Provinces and Ningxia Autonomous Region have allocated funds from party membership dues to help lower levels defray the expenses for the study.

Since party members are of different educational levels, many localities have surveyed them and are now giving different guidance to suit different conditions. The Hubei party committee Organization Department has directly surveyed different types of organizations, including rural organizations, enterprises, and government offices, to gain experience in guiding work in the province. Guizhou and Fujian selected easy to understand lecture subjects in consideration of peasant party-members' educational level and achieved good results.

Many localities have stepped up supervision and inspection to ensure that the study is indeed carried out. In Jilin Province, 68 middle-aged and young department heads from organs directly under the provincial party committee with good job performance, organizing ability, and practical experience were selected to serve as liaison officers in nine cities (autonomous prefectures) and 59 counties (cities, districts) and help in the local study activity. Four groups of personnel from the departments concerned, led by leading comrades of the Sichuan party committee, have inspected the study activity among party members, held experience-exchange meetings, and arranged the next step of work in various localities. The Railways Ministry Work Committee for Central Government Organs and Political Department have comprehensively inspected and promoted the study among party members.

To achieve good results in the study, many localities have unfolded rich and varied activities of practice with specific themes. In December 1994, Jilin launched a campaign to "study the theory on building socialism with Chinese characteristics and the party Constitution, vie to improve quality and promote party spirit, and contribute to making new progress in economic development." During the campaign, party organizations have held inner-party contests, made democratic appraisal of party members, instituted a responsibility system for attaining given objectives in managing party members, and thus achieved good results in the study. Beijing, Shanghai, Henan, Inner Mongolia, and other provinces, municipalities, and autonomous regions have integrated the study with the activity of making contributions among party members and done a solid work in promoting the study activity.

However, it is also reported that some localities still need to enhance their understanding of the study activity. They are comparatively slow in action and arrangement and still lack concrete guidance and implementation measures.

Fujian, Guangdong Foil Attempt To Smuggle Emigrants

HK1704114895 Hong Kong AFP in English 1109 GMT 17 April 95

[FBIS Transcribed Text] Shanghai, April 17 (AFP)—Frontier police in southern Guangdong have arrested two foreigners including a Chinese-American and 39 Chinese who were being smuggled out of the country, a newspaper reported Monday.

Xinmin Evening News reported that police in Fujian province which borders Guangdong notified Guangdong police last month that eight people from Changle city in Fujian had gone to Guangzhou and were preparing to leave the country illegally. The report said Guangzhou police followed up with investigation which led to the arrest of the American identified only as Lin and a Hong Konger identified as Wang and 39 Chinese in several

hotels in Guangzhou. Police also confiscated about 200,000 yuan (23,800 dollars) in the possession of Lin and Wang, the report said.

The 39, most of whom are peasants aged 20 to 30 years old, paid 35,000 dollars each to Lin and Wang for helping to smuggle them out of the country, the report said.

Book on War of Resistance Against Japan Viewed
OW1704135095 Beijing XINHUA in English 1245
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—A symposium was held here today to celebrate the publication of "Through Kuomintang Lines to Yan'an" by Israel Epstein.

The book is a collection of news dispatches and letters written by Epstein during the 1944-1945 period at Yan'an and base areas behind the enemy lines set up by the Chinese Communist Party. It contains interviews and reporting by Epstein and some other foreign journalists of Yan'an in the last stage of the War of Resistance Against Japan (1937-1945).

Epstein, who is also a member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference, compiled the book just before his 80th birthday to commemorate the Chinese people's victory.

Wu Jieping and Cheng Siyuan, vice-chairmen of the Standing Committee of the National People's Congress, and some 100 other people attended the symposium. They spoke highly of the contributions Epstein and other foreign journalists made in Yan'an.

Editorial on Grass-Roots Party Organizations
HK1704123895 Beijing RENMIN RIBAO in Chinese
11 Apr 95 p 1

[Editorial: "Conscientiously Strengthen Leadership Over Building of Grass-Roots Party Organizations"]

[FBIS Translated Text] The Fourth Plenary Session of the 14th CPC Central Committee made an important decision on strengthening party building, especially the building of party organizations. Following the Fourth Plenary Session, the Central Committee immediately called the National Work Conference on the Building of Rural Grass-Roots Organizations; issued the Circular of the CPC Central Committee on Strengthening the Building of Rural Grass-Roots Organizations; and prepared plans to vigorously strengthen the building of rural grass-roots organizations, with party organizations at the core, in every effort to readjust and properly build up within three years those party organizations that are weak, lax, and paralyzed, so as to promote the reform, development, stability, and overall progress of rural areas. Relevant central departments also have made specific arrangements to launch activities to study the

theory of building socialism with Chinese characteristics and the party constitution. In order to implement the spirit and plans of the Central Committee, party committees at all levels, as well as relevant departments, have done a great deal of work. The party committees in most localities have instituted the responsibility system, and have called special conferences. Their leading cadres have carried out in-depth investigations and studies among the grass roots, have sent organ cadres to help out among the grass roots in various forms, have summed up fresh experiences, and have strengthened inspection and supervision. Generally speaking, the situation is good, but it has been learned that some places and departments are slow in taking action, use ineffective measures, and do not attach as much importance to the job as they should. In some places, the cadres sent among the grass roots are incapable. In other places, those sent among the grass roots have never received serious training. In still other places, cadres do not pay attention to resolving prominent contradictions in the job of rectification. Party committees must attach great importance to these problems, seize the current favorable opportunity, strengthen leadership, adopt effective measures, and vigorously push the building of grass-roots organizations.

In order to strengthen the building of rural grass-roots organizations, with party organizations at the core, it is necessary to focus on the party's central task for rural areas, and to make great efforts to achieve the "five good's" objectives set out by the Central Committee. These are: Building a unified and strong good leading group that is supported by the masses, and in particular, has a good secretary; training a contingent of good party members and cadres with combat effectiveness; choosing a good path that suits a locality in speeding up economic development; amplifying a good management system; and creating a good system that embodies democratic management, and that ensures effective progress in work. The emphasis is to insist on doing a good job in the building of village-level organizations, with party branches at the core; in the establishment of a management system, the emphasis of which is to strengthen service functions; and in the establishment of a work system, the main content of is democratic management. It is particularly necessary to make efforts to rectify weak, lax, and paralyzed party branches. When strengthening and improving the education and management of party members, and when launching study activities among them, it is necessary to aim at improving their quality and strengthening their party spirit, and to resolve this question in particular: Consolidate faith in taking the path of socialism with Chinese characteristics; enhance awareness of adhering to the party's basic theories and basic line; adhere to the aim of wholeheartedly serving the people, maintaining close ties with the masses, and being honest in performing one's official duties; carry out the obligations of a party member, and

exercise the rights of a party member according to party constitution; and make contributions in the course of reform and development.

It is necessary to further enhance awareness of the importance and urgency of strengthening grass-roots party organizations. Strengthening grass-roots organizations is required in order to adhere to the party's basic theories and basic line, and to strengthen and improve the leadership of the party. It has a bearing on the situation as a whole because it offers an organizational guarantee for reform, opening up, and the socialist modernization drive. Comrade Deng Xiaoping pointed out: "Without the leadership of the communist party, China—which is a vast country—surely will be split up, and will accomplish nothing." Grass-roots party organizations are the foundation for the party's entire work and combat effectiveness, as well as the core of grass-roots organizations. Only when the combat effectiveness and rallying force of rural grass-roots party organizations have been improved can party leadership have a solid foundation. The question of whether or not we attach importance to the building of grass-roots organizations is an important indicator of whether or not we are implementing the principle of "doing two types of work." Comrade Jiang Zemin recently pointed out at the Central Rural Work Conference that the key to insisting on the "two types of work" is to strengthen the building of rural grass-roots organizations. This is a fundamental guarantee for implementing the party's various principles and policies, and for promoting rural reform and development. It is an important "fundamental project" in party building during the new period, which is a great project.

In practice, we must closely integrate the building of grass-roots organizations with economic development; ensure that we firmly seize, and do not waver in the central work of economic development; firmly grip party building as a crucial job; enable party members to consolidate their faith, emancipate their minds, find ways of economic development; quicken the pace of achieving a comparatively comfortable life; and achieve common prosperity by attaching great importance to the building of grass-roots organizations. Only when the economy has been improved, collective economic strength has increased, and the function of serving the masses so that they can eliminate poverty and get rich has been invigorated, can grass-roots party organizations have powerful combat-effectiveness and rallying force, and can they lead peasants to build new socialist rural areas that are rich, democratic, and civilized.

At present, in order to conscientiously strengthen leadership over the building of grass-roots organizations, the following jobs should be done properly: First, party committees at the provincial (autonomous regional and municipal), prefectural (city), and county (county-level city) levels, as well as relevant departments of the Central Committee, should include as an important item on their agendas the work of building rural grass-roots

organizations and launching study activities among party members; make plans; put forward measures; do a solid job; always pay close attention to it; carry out inspections at each level; and ensure that the job is supervised. Second, county-level party committees are crucial to the consolidation of rural grass-roots organizations, and are directly responsible for their leadership. County party secretaries are the persons in charge of party building. If they do not attach great importance to party building, they fail to do as they ought. Moreover, it is necessary to pay attention to strengthening the building of party committees and governments at the town and township levels. All town and township cadres—including town and township party secretaries, and town and township chiefs—must be separately in charge of their villages, and must be responsible for strengthening the building of village-level organizations. Third, leading comrades of party and state organs at the provincial, prefectural, and county levels should maintain direct ties with villages of various types, especially backward villages. They should always go among the masses, learn and resolve their problems, strengthen investigations and studies, get first-hand information, sum up typical experiences, and guide overall work. Fourth, under the leadership of the party committee, and headed by the organization organ or the rural work department, all functional departments concerned must share the work responsibility, promptly communicate with one another about the situation, coordinate work, coordinate closely with one another, and share in the work. Practice has proven that with leading cadres taking the lead, stationing capable cadres in villages and having them visit households for a comparatively long time, and helping grass-roots units with their work are effective ways of rectifying lax and paralyzed party branches. As long as there is an appropriate understanding and appropriate measures, and as long as suitable cadres are sent to grass-roots units, and the leadership responsibility system is appropriate, it will be possible to achieve success in the building of grass-roots organizations.

How time flies! The first year of the three-year period is important to the three years, while winter and spring are important to the first year. Spring is already here. The busy spring plowing season has just begun. Party committees at all levels should attach simultaneous importance to agricultural production, without missing the farming season; to the building of rural grass-roots organizations; and to study activities among party members. They should closely integrate the rectification of party branches with study activities. The work has just begun. It is necessary to give guidance to different types of areas, and to deepen the work gradually. Places that are slow in action should strengthen work, do a solid job, and achieve real success in strengthening the building of rural grass-roots organizations and in study activities among party members.

Crime, Punishment in PRC for 4-17 Apr
HK1804095095

[FBIS Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencing, and other judicial-related activities in the PRC monitored during the period 4-17 April. The source and mode of processing are given in parentheses at the end of each entry. Certain reports deemed more significant may have been filed separately, in which case the summary will include the serial number of the separately filed item.

As evidenced by the stories listed below, during this period PRC crime reportage focused on theft, robbery, and violent crime.

NATIONAL

Luxury Cars Illegally Used by County-Level Cadres Confiscated

Beijing, April 6 (CNS)—According to the Central Commission for Discipline Inspection of the Communist Party of China and the Ministry of Supervision, the luxury cars taken by China's cadres at county-level, which is a violation of discipline, have now all been changed late last month. The total number of these cars reached 8121.

The cadre use of the luxury cars have now been transferred for other purposes. Beijing auctioned most of such cars, which were collected from its 18 subordinate districts and counties, to the Beiao Taxi Firm. Jiangsu, Tianjin and Hubei returned the cars to its original owners, or sold and used them for other purposes. Various parts of China also enacted rules for using and administering public cars in order to intensify discipline on using public cars by cadres in performing their duties. (Text) (Beijing ZHONGGUO XINWEN SHE in English 0946 GMT 6 Apr 95)

Customs Authorities Seize 900 Kg of Narcotics in Four Years

Beijing, April 10 (CNS)—Recently, there happened two very serious cases of smuggled heroin in Kunming city of Yunnan province, and altogether 128.8 kilograms of heroin was detected by the local Customs. This was by far the largest quantity of heroin ever seized by the Customs in China in forty-five years. According to government statistics, the Chinese Customs has seized a total of 916 kilograms of various types of narcotics and 52 tonnes of elements suitable for manufacturing of narcotics since 1991. The Customs in Kunming alone had investigated 77 cases and seized 302 kilograms of drugs.

In recent years, trafficking of narcotics has been rampant in no less than 18 cities in China which included Kunming, Nanning, Lhasa, Beijing, Shanghai and Changchun. Drug traffickers use numerous, changing tricks to avoid detection by the Customs officials and

there are also growing number of cases of smuggling drugs by means of overseas parcels and container shipments. At the Whampoa check-point, Customs officials have detected heroin from containers while drugs have also been found in overseas parcels by Customs officials in Beijing and Guangzhou.

To combat such rising trends, China's Customs have deployed stronger manpower at every front line by training of experienced anti-narcotics detectives as well as installation of modern technical device such as setting up of laboratories at the check-points. (Excerpt) (Beijing ZHONGGUO XINWEN SHE in English 1336 GMT 10 Apr 95)

Inter-Province Case of Capital Gain Tax Receipt Fraud Cracked

A major case of illegal resale of capital gain tax receipts was cracked recently in Guilin City, Guangxi. Zhang Ronghua, manager of the Feida Trading Company; and Wang Yuwei, an executive of the same company, were accused of selling 25 sets of capital gains tax receipts bearing Feida Trading's official seal to two men from Chaoyang, Guangdong province, for 5,000 yuan each. The two men resold the receipts to buyers in Weifang, Shandong Province. Their illegal practices resulted in tax evasion involving a total value of 17.65 million yuan. Zhang and Wang have been arrested by the police. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0851 GMT 13 Apr 95) Zhuhai Police Arrest Hunan Criminals on Assault Charges

Zhuhai police have cracked the case in which resident Tian Feng was wounded when he got into a fight with some criminals while being a good samaritan, a case which has had strong repercussions throughout society. The police arrested two criminals from Hunan and recovered some of the stolen money and goods, but the other offenders involved in the case are still at large. (Text) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 14 Apr 95)

Police Casualties Reported; Ministry Vows To Restore Good Image

According to a statistical report released by the PRC Public Security Ministry, over the last 10 years, 2,275 Chinese police died and 55,486 were wounded in the course of performing their duties. In 1994 alone, 331 died and 8,696 were wounded.

There is every indication that the year 1995 will be an important period for the Chinese police to restore their good image. The Public Security Ministry will send a team to 30 provinces, autonomous regions, and municipalities within 1995 to report the meritorious deeds of the Chinese police. In fact, the deteriorating public security and corruption cases found in the police have detracted from the image of the police. The reporting team is designed to remove public misunderstanding of the police and send the right message. Chinese police are

determined to become the embodiment of justice. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1105 GMT 14 Apr 95)

Fujian, Guangdong Foil Attempt at Human Smuggling

Through coordination with police in Fujian Province, the Guangdong police arrested two foreigners, an American identified only as Lin and a Hong Konger identified as Wang, along with 39 Chinese peasants in several hotels in Guangzhou who were preparing to leave the country illegally. The peasants paid Lin and Wang \$35,000 each to smuggle them out of the country. (Summary) (Hong Kong AFP in English 1109 GMT 17 Apr 95; HK1704114895)

GUANGDONG Shenzhen Intermediate Court Sentences Murderer to Death

The Shenzhen City intermediate people's court tried a murder case on 30 March. The defendant Zhuang Yiqin was charged with murdering Zhang Yanping and Ye Linong, two officers from the industrial and commercial administration and price control departments, and armed police force member Ban Ronghuang on 24 March. The tribunal pronounced Zhuang guilty and sentenced him to death. (Summary) (Guangzhou YANGCHENG WANBAO in Chinese 1 Apr 95 p 1)

Shantou Police Seize Counterfeit Renminbi From Taiwanese Junk

Guangzhou, April 11 (CNS)—On April 7, 1995, police officers of the Shantou frontier in east Guangdong Province intercepted a Taiwan-registered fishing junk where they found three Taiwanese men in possession of renminbi bank notes, alleged to be counterfeit, worth 30 million yuan.

During the night of April 7, police officers in Shantou received a complaint from the public. Two police patrol boats were then mobilized. The police found a suspicious Taiwanese fishing junk "Heqingfeng" and went after it. The men on the junk were alerted. They tried to change course and threw 13 canvas bags into the water. However, the junk was successfully stopped by the police, three men were arrested, and the bags were eventually recovered. In the bags, police officers found bank notes which were suspected to be counterfeit renminbi. The case is still pending further investigation and forensic examination. (Text) (Beijing ZHONGGUO XINWEN SHE in English 0952 GMT 11 Apr 95)

Guangzhou Intermediary Court Sentences 11 Criminals To Death

Guangzhou, April 12 (CNS)—The Guangzhou Municipal People's Intermediary Court today sentenced capital punishment to eleven hard case criminals who are to be executed. The criminals will face the firing squad in Baiyun district and Fanyu town.

One of the criminals was called Zhang Jun, a man aged 26 from Shandong Province. He, together with three co-offenders, was found guilty of robbing and maliciously wounding a family surnamed Wang in Fanyu town. Zhang and another co-offender attacked Mr. Wang and his son with knives. Mr. Wang was badly wounded after being stabbed in the stomach, while his son was stabbed in the chest, collapsed, bled profusely and eventually died from his wounds. Zhang, and his accomplices, were sentenced to death and deprived of political rights for life by the court.

In a separate case, two male offenders were involved, named Qu Po (32) and Qian Duoshan (28), both natives of Liaoning Province. On April 25, 1993, Qu assisted by Qian and a third man stole a canvas bag containing articles worth 1,800 yuan, from the domestic flights waiting lounge of Baiyun International Airport. Later that day at the same place, Qu again, assisted by Qian and two other co-offenders, stole a security code-operated briefcase containing renminbi, Hong Kong dollars, foreign exchange certificates and valuables worth 690,000 yuan from an overseas Chinese passenger surnamed Li.

All of them were convicted by the court. Qu was passed the death sentence and deprived of political rights for life. Qian, who had a previous criminal record, was sent to prison. After he was released from jail, he committed theft again and was then ordered a death sentence and deprived of political rights for life. The other accomplices were also sentenced to death.

In the other separate cases, defendants Yu Zhaojun (native of Guangzhou), Liu Gekun, Wan Binghua (natives of Dongguan) and Cao Zhiyong (native of Fanyu) were convicted of robbery and theft charges and were sentenced to death. They were executed today. (Text) (Beijing ZHONGGUO XINWEN SHE in English 1306 GMT 12 Apr 95)

In a similar report, Beijing CHINA DAILY in English on 13 April on page 3 adds: "Cao Zhiyong stole 10 motors worth 55,410 yuan (\$6,676) in 1992. Cao then sold the booty for 4,650 yuan."

Guangdong Men Who Robbed Hong Kong Jewelry Store Captured

The police arrested two men in Lianjiang City of Guangdong Province on 27 February. The arrested, Gao Chengke and Chen Guizhong, both residents of Hechun town in Lianjiang city, admitted that they and another Lianjiang resident Liao Jiayong left their home town and sneaked into Hong Kong by speed boat in late 1992, and committed armed robbery at a jewelry store in Hong Kong. Liao was caught by the Hong Kong police and sentenced to 40 years' imprisonment, while Gao and Chen escaped and fled back to China. Their case is now under investigation. (Beijing ZHONGGUO XINWEN SHE in Chinese 1109 GMT 14 Apr 95)

GUIZHOU

Guizhou Arrests Over 3,000 Criminals at Large

Based on a plan formulated by the Guizhou CPC Committee's political-legal commission, the political-legal and public security organs throughout the province launched a three-month drive against criminals at large from December 1994 to 22 March this year and achieved marked results. According to incomplete statistics, a total of 3,486 criminals at large were arrested by mid-March. (Summary) (Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 5 Apr 95)

HAINAN

Hainan Holds Anti-Drug Teleconference

Hainan held an anti-drug teleconference over the past few days. Wang Xueping, standing committee member of the provincial party committee and vice governor, delivered a speech. He said that, because the incidence of drug-related crime is increasing, the party committees and governments at all levels should pay great attention to the matter and should extensively mobilize the masses to expose drug trafficking activities. Hu Zhifa, director of the Hainan Public Security Department, made arrangements for the anti-drug struggle. (Summary) (Haikou Hainan People's Radio Network in Mandarin 2300 GMT 5 Apr 95)

Haikou Intermediate Court Executes Six Criminals

On 12 April, the Haikou Intermediately People's Court held a meeting at the Haikou Workers' Theater to pronounce judgment on and sentence 12 criminal offenders for seriously jeopardizing social order. Six, including Bai Shibin, were sentenced to death. (Text) (Haikou Hainan People's Radio Network in Mandarin 2300 GMT 12 Apr 95)

Hainan Intermediate Court Sentences Seven Criminals to Death

Haikou, April 13 (CNS)—A Hainan court handed down death punishment on seven criminals. The convicts included two men who were accused of committing armed robbery, with Taiwan businessmen as their victims, who were sentenced to death. The two criminals Bai Shibing and Yang Yongbo, together with two other accomplices, committed armed robbery at a hotel in Haikou Airport on August 21 last year, when they robbed seven Taiwan businessmen of RMB 27,500 [renminbi], US\$630, HK\$230 [Hong Kong dollars] and two mobile phones as well as a walkie-talkie.

Bai and Yang were given a death penalty yesterday by the Haikou Intermediate People's Court while the third accomplice was also sentenced to death with a two-year suspension, and the fourth was given a life prison term. Three other criminals found guilty of car theft, armed robbery and murder were also sentenced to death on the same day. Earlier, two criminals convicted of charges on

rape, robbery and murder were also given capital punishment on April 8. (Text) (Beijing ZHONGGUO XINWEN SHE in English 1251 GMT 13 Apr 95)

HENAN

Henan Public Security Discovers Underground Bank

Henan Province recently discovered an underground bank in Xinye County. The Public Security office has detained the criminals, and the bank's cash assets of RMB 340,000 have been frozen temporarily. The case is under investigation. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1319 GMT 6 Apr 95; HK0604154095)

Shangqiu Prefecture Fires Officials for Document Forgery

Beijing, April 13 (CNS)—CNS [ZXS] reporters today obtained a source from the State Education Commission that relevant authorities in Shangqiu Prefecture of Henan Province had recently cracked down three syndicates involved in the trading of forged diplomas, and sacked more than 700 officials who were holders of the bogus graduation certificates.

Such syndicates were discovered in Shangqiu Prefecture last year, when a number of job-seekers presented forged certificates. A task force was immediately formed to investigate the cases. After lengthy investigation, it was found that out of the 1,109 people who have been hired as contracted cadres in Yongcheng County of the Prefecture since 1991, 730, 65.8 percent of the total, held forged academic documents.

Among the 730 cadres, 680 claimed they graduated from universities such as Henan University and Zhengzhou University, but they had in fact never been enrolled at university. For the other 50, although they had studied at university, their academic records have for various reasons, not been recognized by the State.

The public security department, in the course of investigation, had seized a large quantity of blank certificates as well as seals and other tools for forging such diplomas. Government cadres involved in these cases have been severely punished by the discipline inspection and supervision departments. In the meantime, investigation into similar cases is being carried out in other parts of Henan. (Text) (Beijing ZHONGGUO XINWEN SHE in English 1223 GMT 13 Apr 95)

HUBEI

Hubei's Reports Statistics for Anti-Corruption Operation

Since the Second Plenary Session of the Central Commission for Discipline Inspection in August 1993, the discipline inspection, supervisory, and procuratorial sectors of Hubei Province have received and handled a total of more than 159,000 cases of graft and bribery reported by the public. So far 475 cadres at and above the county

and office level have been punished according to party discipline, government regulations, or criminal law. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0843 GMT 14 Apr 95)

HUNAN

Loudi Prefecture Executes Three 'Hooligans'

On the morning of 11 April, the Loudi Prefecture Intermediate Court openly tried the case of the 12 "hooligans" who stormed the Loudi Guesthouse, an event which shocked the nation, and sentenced Liu Zijun and Zhao Guojun to life imprisonment and deprived them of political rights for life, sentenced Wei Shaolong to 15 years imprisonment and deprived him of political rights for five years, and sentenced Liu Zijun, Zhao Guojun, and Wei Shaoping to death for procuring prostitutes and deprived them of their political rights for life. Two of the six persons who helped the "hooligans" were separately handled and four were sentenced to reform-through-labor or other punishment. (Summary) (Changsha Hunan People's Radio Network in Mandarin 2300 GMT 12 Apr 95)

JIANGSU

Restaurant Owner Arrested for Killing Tourist in Dispute

SHANGHAI, April 13 (AFP)—A 58-year-old local tourist was beaten to death in Suzhou city in neighbouring Jiangsu province recently during a dispute with a restaurant owner, a newspaper reported Thursday [13 April]. The Xinmin Evening News reported that He Xiaofang and 39 colleagues from a paper carton factory in Huzhou, Zhejiang province south of Shanghai, were on a spring outing in Suzhou on April 4.

The group went to Taxi Restaurant to check out its price list after visiting a scenic spot, but found it too expensive to lunch there, so they went to a restaurant next door. The owner of Taxi Restaurant, Chen Qui, followed with five other men and demanded that the Huzhou group pay him 300 yuan (36 dollars) for checking prices at his restaurant. Their leader decided to pay 160 yuan, but He accused Chen of daylight robbery. Chen flew into a rage and instructed his men to beat her to death, the report said. The six men were arrested by police, the paper said. (Text) (Hong Kong AFP in English 0842 GMT 13 Apr 95)

SHANGHAI

Shanghai Stock Exchange Agent Imprisoned for Embezzlement

Zhuang Xudong, a 26-year-old stock exchange agent working for the Securities Exchange Department of a Hainan trust and investment company in Shanghai, was recently sentenced to 18 years' imprisonment for embezzlement of public funds. It is reported that Zhuang was involved in illegal buying and selling of stocks in last

August. His illegal transactions involved a total of nearly 3.4 million yuan, which he embezzled from his company. Furthermore, the bad deals he made resulted in a loss of more than 45,000 yuan. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0703 GMT 13 Apr 95)

More Economic Crime Offenders in Shanghai Surrender To Police

Ninety-two people who were involved in graft and bribery or other crimes in Shanghai surrendered themselves to the procuratorial departments in the first quarter of this year. Among these people was Mr. Lai, a Hong Kong businessman of British nationality. His case was the first of its kind ever reported in Shanghai to involve an offender of foreign nationality. In the first quarter of this year, the number of offenders surrendering themselves to the Shanghai procuratorial sector increased by 113 percent over the same period last year. The total value involved in these cases was more than 18 million yuan. Of this sum of illicit money, over 2.3 million yuan has been recovered so far. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1243 GMT 13 Apr 95)

SICHUAN

Chengdu police focused on cracking down on car thefts in spring this year. Since 1 March, they have uncovered 2,816 criminal cases, including 1,400 major ones, and have arrested 144 criminals who had been at large. Chengdu now has 165,000 motor-driven vehicles, and this number continues to increase at the rate of 20,000 per year. From last year to late February this year, 1,400 vehicles were stolen or robbed. Some car thieves were even so cruel as to kill the owners of the cars. In the spring campaign, the police combed car repair shops, car parks, car markets, and junk dealers for stolen vehicles or any leads and conducted check-ups at various check-points. As a result, they identified 500 criminals involved in car theft, cracked 146 major car theft cases, seized 303 motor-driven vehicles, and seized stolen money and articles worth 10 million yuan. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1029 GMT 15 Apr 95)

YUNNAN Kunming Sentences Man Who Stole Capital Gains Tax Receipts to Death

A man who was charged with stealing and selling capital gains tax receipts was sentenced to death during a trial of the first instance at the Kunming Intermediate People's Court recently. This is the first case of this type to receive the death penalty in Yunnan Province. The defendant, Lu Haiming, broke into the Majie office of the Xishan District Taxation Bureau of Kunming City on 20 April 1994 and stole 47 books of Yunnan Province capital gains tax receipts, containing a total of 1,175 sets of receipts with a face value of 1 million yuan each, and three books of Yunnan Province commercial wholesale invoices, containing a total of 75 sets of invoices. He sold

some of the stolen capital gain receipts, which in turn resulted in a loss of 790,452.31 yuan from the government's tax revenues, through tax evasion. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1309 GMT 13 Apr 95)

Wanding City Customs Seize Liquid Heroin, Arrest Traffickers

In handling a criminal case, a customs officer in Wanding City, Yunnan, which is only separated from Burma by a river, learned from a criminal that some people had smuggled liquefied heroin into the city. The customs then immediately told its officers to closely follow those who came from across the river carrying oil containers with them. One day, someone with two plastic oil containers appeared and was immediately detained by customs officers. A test showed the containers contained 13.25 kg of liquefied heroin. The bosses behind the scenes were a Shenzhen resident and a Hong Kong man. These two people have gone into hiding, but the remaining 10 relevant criminals have been arrested. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0946 GMT 17 Apr 95)

MACAO

Macao Police Arrest Chinese Kidnap Gang, Seize Weapons

Macao, April 17 (AFP)—Macao police have arrested eight illegal immigrants from China and a fellow policeman, and seized several weapons and a small amount of explosives, officials said Monday [17 April]. Police believe the group—also facing charges of being involved with smuggling prostitutes from China into Macao—were planning to carry out a kidnapping in the Portuguese enclave.

A spokesman for the Macao Public Security Police said those arrested were a policeman with some 13 years' service, and three men in their twenties and five girls in their late teens, all illegal immigrants from China. The policeman, three men and a girl were arrested late Sunday while the others were picked up as part of an undercover operation early Monday, police said. Officers also seized six Chinese-made stun guns, which had been tampered with in an attempt to make them suitable for live ammunition, and 0.25 kilos (half pound) of dynamite. (Text) (Hong Kong AFP in English 1155 GMT 17 Apr 95)

Military

Security Ministry Launches Public Support Campaign

OW1804091595 Beijing XINHUA in English 0756 GMT 18 Apr 95

[FBIS Transcribed Text] Beijing, April 18 (XINHUA)—The Ministry of Public Security is launching a nationwide campaign to promote public support by showing various acts of heroism performed by the police.

Six policemen taking part in a national tour to explain their work to the public will include a detective, a woman who has devoted her whole life to helping her community in civil affairs, a police doctor, and a local police chief.

The tour is aimed at "giving a profile of the police force and winning the support and understanding of the public in the fight against crime and in maintaining public order," Wu Heping, deputy director of information in the press department under the ministry, said today.

The country's 1-million-strong police force not only fights various crimes, they are also responsible for order in the neighborhoods, on transportation lines, border-crossings, fire-control, and other aspects of safety.

The new People's Police Law stresses the idea that the policeman's duty is to serve the people, which includes the need to take the initiative in providing assistance to the needy.

According to the ministry, some 400 police have died on duty since 1994 alone, and 8,000 others have been wounded. Over the past 10 years, 2,275 policemen have given their lives and over 50,000 have been injured on the job.

Wu explained that as the crime rate rises, the public's support becomes ever more important.

Book on Army Political Work Published

OW1704145695 Beijing XINHUA Domestic Service in Chinese 1140 GMT 12 Apr 95

[By RENMIN RIBAO reporter Guo Jia (6753 0857) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[FBIS Translated Text] Beijing, 12 Apr (XINHUA)—"Contemporary Political Work of the Chinese Army," which was jointly compiled by the General Political Department and the National Defense University, was formally published recently. This is the only book on political work among the 200 volumes of the "Contemporary China" collection. Central Military Commission [CMC] leading comrades have shown concern for and given guidelines for the book's compilation and publication. CMC Chairman Jiang Zemin examined and made written comments on reports concerning the book's contents, and CMC Vice Chairmen Liu Huaqing and Zhang Zhen wrote inscriptions for the book.

Guided by Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, "Contemporary Political Work of the Chinese Army" has truthfully and wholly explained the important situation of our army's political work from the founding of New China to 1987. It has concentrated the main experiences of our army's political work and absorbed results of scientific research on political work.

Yu Yongbo, member of the CMC and director of the General Political Department, today made a speech at a discussion meeting on the book's publication. He said: Our army's political work was established through the integration of Marxism and the practice of China's revolutionary struggle by the CPC and revolutionaries of the older generation represented by Mao Zedong. It is an important component of advanced proletarian military science. Political work is our army's life-blood. It should be strengthened at all times and under all circumstances, and must not be weakened. The most fundamental thing of political work is to guarantee the party's absolute leadership over the army, maintain a high degree of concentration and unity [ji zhong tong yi 7162 0022 4827 0001], and obey the commands of the party Central Committee and the CMC at all times. Political work should always center on raising the combat effectiveness of military units and the army's central tasks, and it should provide a powerful spiritual motive force for promoting our army's modernization.

Yu Yongbo said: Not long ago, CMC Chairman Jiang Zemin emphatically pointed out that ideological and political building is the core of revolutionization and must be placed in the most important position of all work of the whole army. Through vigorously strengthening ideological and political work, we should guide cadres and fighters to firmly resist all kinds of corrupt thinking and culture and to consciously ward off the corrosive influence and never be contaminated by it. Recently, while inspecting military units, Comrade Jiang Zemin again pointed out that the strengthening of ideological and political work, carrying forward the honorable tradition, having the broad masses of cadres and fighters be toughened ideologically and politically, and forever maintaining the true political quality of the people's army are tasks of great significance. They must rely upon the joint efforts of comrades of the whole army and we must carry out those tasks effectively and vividly. Comrade Jiang Zemin's important instructions have penetratingly explained the great significance of strengthening political building under the new situation and have set higher demands on our work. Our army is the strong pillar for the people's democratic dictatorship. We must be very firm politically; consciously implement the party's line, principles, and policies; staunchly protect the authority of the party Central Committee and the CMC with Comrade Jiang Zemin at the core; obey the party's orders in all actions; and guarantee that the army will forever be placed under the party's absolute leadership. Meanwhile, we must maintain ideological and moral purity, and stand in the forefront in building spiritual civilization. All military units should extensively and penetratingly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and seriously conduct education on patriotism, revolutionary outlook on life, respecting cadres, cherishing soldiers, and arduous struggle.

Yu Yongbo called on leading cadres at various levels to strengthen and improve ideological and political work by

drawing lessons from history with the help of this book; ensure that "all army units will be qualified politically and competent militarily, have a fine work style, maintain strict discipline, and be assured of adequate logistical support"; rally even more closely around the party Central Committee and the CMC with Comrade Jiang Zemin at the core; and contribute to building up a modernized, regularized, and revolutionized army.

Detachment's Anticorruption Efforts Hailed

HK1704151095 Beijing RENMIN RIBAO in Chinese
22 Mar 95 p 1

[Commentator's article: "May Clean and Honest Practice Prevail Forever"]

[FBIS Translated Text] The feature on the strengthening of clean conduct by the party committee of a naval submarine detachment was very moving.

In the new situation of deepening reform and steady rise in living standards, is it still necessary to hold onto the virtues of hard work and thriftiness? A "group of people" in the party committee of the submarine detachment in the Hainan Special Economic Zone answered in the affirmative. Some people felt that the leaders of the detachment were being "unopen in their thinking," and "stupid," in repeatedly refusing to take advantage of the "money-making" opportunities offered to them, in "still sharing an old car among eight standing members," and declining even to attend banquets. However, the leaders of the detachment do not think like this. They said: "The more into reform and the more open a special zone is, the more clean the leading cadres should be; the better the living conditions in a special zone, the more we should take the lead in working hard." Well said. Our party worked hard when it carried out the revolution. Today, we also need to work hard to carry out reform and opening up, as well as modernization. Are the results in the special economic zone not achieved by the hard work of the cadres and the masses? "As hard work can make a country prosper, so idleness can destroy it; this is a natural law." A nation or a people that does not advocate hard work and thriftiness, but instead indulges in pleasure-seeking, inevitably will come to ruin. These days, many leaders and cadres value hard work a lot less, and some of them are even chasing after luxury and comfort; this is highly undesirable. Hard work is necessary not only today, but even when our country has become rich and powerful; it is a good tradition that we definitely should not abandon.

The example of the submarine detachment party committee shows us that leading cadres' setting a good example in strict self-discipline is essential to the reinforcement of party spirit and the anticorruption messages. The party committee members spared no money or effort in helping the rank and file with their concrete problems, while being "very frugal" in spending money on themselves. This is precisely this kind of exemplary act that formed a strong cohesive force, motivated the

officers and seamen to unite in solidarity, and activated the works in various areas. As a result, the detachment has had no case of economic crime or violation of discipline for five consecutive years and has won the honor of being an advanced detachment in the Navy and throughout the armed forces in terms of management, military training and winning over the grass roots. Leading cadres at all levels in the party and government should learn from the leadership of the submarine detachment, set an example themselves, and strengthen anticorruption work. "If the beam on top is not level, the beam below also will be lopsided," as the old saying goes. If the leading cadres relax their demands on themselves, corruption will creep in, creating disastrous results. There are too many examples of this sort, of which leading cadres at all levels must take heed.

The anticorruption work of the submarine detachment's party committee has been done bit by bit; this is very valuable. "A dam of a thousand miles may collapse over an ants' nest." The party committee members of the submarine detachment understand this very well. To some people, things like attending a party, installing an overhead fan in an office, and paying visits to leaders during the Lunar New Year, may seem like minor matters, but the detachment's party committee members did not neglect these minor things, which might easily be "overlooked." They treated these matters strictly, and enforced discipline rigorously. Why have the "business craze," the "smuggling trend," and other bad, corrupt practices not spread to this base? The secret lies here. Real life experience tells us that corrupt people and practices often start from minor acts. So to fight against corruption, it is important to start from minor things.

The moving story of the anticorruption efforts of a "group of people" in the submarine detachment's party committee has been a breath of fresh air and a stimulating example. Let their example move and encourage more cadres and the masses to adopt the principle of hard work for our motherland.

PLA Unit Reforms Vehicle Support System

OW1704112195 Beijing Central Television Program
One Network in Mandarin 1100 GMT 30 Mar 95

[Announcer-read report over video; from the "National News Hookup" program]

[FBIS Translated Text] A People's Liberation Army [PLA] unit stationed in eastern China has actively reformed its vehicles' logistic support system by signing contracts with local equipment and parts firms for joint operations and sharing of material resources, thereby ensuring the supply of necessary equipment and parts by local firms. As a result of reduced intermediate links, the unit has been able to save a considerable amount of storage and transportation expenditures. Recently, the PLA headquarters and competent state authorities have affirmed the reform measure, which will be popularized throughout the PLA.

Report on Detachment's Honest Administration

HK1704150695 Beijing RENMIN RIBAO in Chinese
22 Mar 95 pp 1, 4

[By XINHUA reporter Huang Caihong (7806 1752 5725) and RENMIN RIBAO staff reporters Li Jigao (2621 3444 0948) and Shen Xinggeng (3088 5281 5087): "New Prevailing Practice of the Blue Whale in the Remotest Corner of the World—Report on Clean and Honest Administration of CPC Committee of Certain Navy Submarine Detachment"]

[FBIS Translated Text] It was Sunday, 12 February. The city of Sanya, in the south of our country, is bathed in the atmosphere of spring, even one of its remote spots was full of visitors. Yet not far from there, at a naval base where a submarine detachment was stationed, it was extremely quiet. Shortly after 0800, more than 80 officers and soldiers appeared almost at once outside the command building to say goodbye to the old political commissar, who was leaving. All the comrades were eager to give the political commissar a farewell salute, and while happy for the commissar because he was getting promoted, they also were sad to see him go.

The old commissar was Gu Jianrong, who had been with the detachment for five years. During this period, he led a "group of people" in the party committee to work cautiously and conscientiously toward the target of achieving first-rate results and creating a first-class detachment. As a result of their efforts, no economic crime or discipline problem appeared in the detachment for five consecutive years, and the unit obtained the honor of being an advanced unit in the Navy and throughout the armed forces in terms of management, military training, and winning over the grass roots. When inspecting this detachment, the leading comrades of the Central Military Commission praised its members for their spotlessly clean conduct in this special economic zone.

On 22 February, the naval party committee decided to circulate a notice naming the party committee of this detachment as an advanced party committee in anticorruption achievements.

100,000 Yuan Did Not Succeed in Buying a "Circle" From the Commander of the Detachment

With the establishment of the Hainan Special Economic Zone, all kinds of new developments have mushroomed in Sanya. Outside the military base, plenty of high-rise guest houses, hotels, hair salons and dance halls are in sight. Further reform and opening up of the special zone have injected new vitality into the detachment, while at the same time presenting new tests for its party committee. For example, the social trends of "craze for business" and "rampant smuggling" have been continually trying to sweep into the base.

In June 1993, the detachment's No. 834 transport ship was repaired in Guangzhou's Huangpu Dockyard. Just

as it was ready to set sail on its return trip, a local company boss hurried to call on Political Commissar Gu Jianrong, carrying with him a load of "555" cigarettes and "maotai" wine. He said to Gu: "Chief, I would like to use your transport ship to carry some car components, as they are going the same way; I am willing to pay 200,000 yuan for the service." Without waiting for him to finish, Gu refused categorically. "This is car smuggling; the Army will have absolutely no part in it."

A few days later, the general manager of an entertainment company came to where the detachment was stationed and requested a loan of 500,000 yuan, saying that they could pay 100,000 yuan in interest per month. The matter was referred to the leadership of the unit, who replied clearly: "This kind of request violates policy; please do not come to us again."

The "group of people" in the party committee of the submarine detachment were clear-headed, and they had the courage to refuse to take part in acts that violated policy, and to put a brake on the smuggling and business crazes which were sweeping into the barracks. They were particularly determined to have nothing to do with anything that benefited individuals at the expense of the public. In January of last year, the detachment was informed by its superior that it could, on its own, dispose of the hull of a disused submarine. When this became known, a number of local organizations and companies contacted the detachment via various channels. The manager of one company came to see the detachment Commander Han Linzhi himself, saying: "Commander, if you would draw a circle and sell the hull of the submarine to me at a cheaper price, I will pay you 100,000 yuan as a personal benefit." Han laughed and said: "Don't say it's only 100,000 yuan; even if it were 1 million yuan, I couldn't draw this circle."

Party Committee Members Rode in an Old Car

During the Lunar New Year period, some local comrades came to visit the detachment. The luxury cars in which they rode bore such brand names as "Mercedes" and "Crown," and they filled the barracks grounds. Some cadre remarked: "Other leaders ride in high-class cars, while the eight standing members of our party committee still ride in an old sedan." On this, the leadership of the detachment held this view: "The situation of the troops is different from the localities. In addition, the central leadership have ordered cadres time and again not to purchase cars above the standards and specifications assigned to their grade, and we are simply following that strictly."

Several years ago, car smuggling was rampant across Hainan. The party committee of the detachment held it back through their great efforts. They had over a dozen submarines and more than one thousand officers and seamen, but not a single ship or man took part in smuggling activities. The detachment party committee leadership did not take advantage of any privileges in their daily lives either. They rode in whatever car was

assigned to them, and if they borrowed the cars for their personal use, they would pay the necessary charges. Sometimes when they went out to attend meetings or other duties and cars were not available for their use, they would just allow more time, and walk to the local pier to take a small fishing boat or ride a bus to get to their destination.

On Lunar New Year's Eve in 1990, the detachment's military supply department prepared some cheap cigarettes and food for each leader in accordance with past practice. When newly arrived Political Commissar Gu Jianrong heard about this, he first went to the submarines and walked around, asking the cadres, "Are you treated to this?" The cadres replied: "No." He then asked the cadres in the office whether they were treated to this; they all answered in the negative. The next day, Gu convened a meeting of the group of new party committee members, at which they decided to abolish this "usual practice" immediately, and formulated a set of measures to ensure fair and clean conduct. From then on, when the detachment issued living allowances or subsidies to staff, the same standard was applied, both to the leaders and to the rank and file, while all purchased their food out of their own pockets. In December 1991, the detachment's logistics department proposed to install water heaters in the homes of the detachment's leaders, but the party committee leadership ordered this to be stopped, saying: "As ordinary cadres don't have it in their homes, the leaders can't have it."

Last summer, comrades from Zhuhai came to visit the detachment, bringing 10 air conditioners as gifts. The department in charge suggested installing one air conditioner in each of the leaders' offices, as Hainan's climate was very hot, but when the detachment commander and political commissar heard of this, they disagreed adamantly. Finally, the leadership of the detachment decided to install the 10 air conditioners in the typing pool and reception room. Up to now, no leader in the detachment has an air conditioner or a program-controlled telephone.

From office to submarine, the officers and seamen all knew that the leadership of the detachment had these unwritten rules: No presents to the leaders, no invitations to the leaders to banquets or drinks, no visits to the leaders' homes during the Lunar New Year, and no red packets [red envelopes containing money traditionally given as lunar New Year gifts] to the leaders' children. When the leaders went to attend meetings or other duties at bases or on other military vessels, they never stayed at high-class guest houses; when they went to visit grassroots organizations, they always declined to be entertained at a level above that stated in the rules. Although dancing had become fashionable, they would never hold dance parties using public funds. Some people criticized them for not being open in their thinking and for being out of step with the special economic zone. To this, they replied: "The more into reform and opening up the special zone is, the better the leading cadres should

conduct themselves; the better the living conditions in the special zone, the more we should take the lead in working hard."

Regarding the strengthening of clean conduct—and apart from supervising themselves stringently, and improving monitoring mechanisms—the detachment's party committee also accepted the supervision of the masses. They set up reporting boxes at the detachment's office building and at the seamen's building, asking the rank and file military and office staff to report corrupt practices by the leaders as and when they saw them occur. Every time they held a general meeting of military personnel or an informal meeting with the rank and file, every standing member of the submarine detachment would examine his own anticorruption record at the meeting.

It Was Difficult To Spend Money on the Leaders

At the beginning of last summer, the temperature on Hainan Island had already risen above 35 degrees Celsius. Seeing that the small electric fan in the corner of the leader's office was old and rusty, a staff member proposed installing a new fan for the leader. However, even before the report on this item of expenditure, which amounted to less than 3,000 yuan, had reached the party committee meeting, it was vetoed by the standing members. In recent years, in order to improve the living conditions of the leaders of the unit and their office facilities, the detachment office had submitted 10 reports to the party committee, but nine and one-half of them were vetoed, and the only "half" left was adopted only at a later date. The comrades working in the office sighed and said: "It was so difficult to spend money on the leaders!"

Yet the party committee was generous in spending money on things that mattered to the rank and file. At the end of the year before last, Gu Jianrong and Han Linzhi went to stay on the submarines to gain firsthand experience. The ships all had color TVs allocated to them 10 years ago, but by now the picture quality was poor, with "snow" appearing frequently on the screen. Gu and Han noted that, and on the day they returned to the office, they proposed that the party committee allocate several tens of thousands of yuan to purchase a new color TV for each submarine.

"Money that needs to be spent on the masses does not need to go through all the bureaucratic procedures." This is the new rule of the detachment party committee. In order to create good living conditions for the officers and seamen of the submarines, in recent years committee members had invested nearly one million yuan in building processing factories, service centers, photography shops, catering establishments, hair salons, etc. In addition, they created job opportunities for the military personnel's 195 accompanying family members, constructed 106 living detachments for families of staff who had come to stay temporarily at the base, and provided cookers and gas for them.

At the seaside base stood 12 seamen's blocks with an area of 9,200 square meters. Vice Commander Zhao Dexian, who had been jointly in charge of logistics, said they were built with 4.8 million yuan, which was raised with much effort by the party committee. They put the construction of the senior cadres' quarters on hold, and built the seamen's blocks first. After all the detachment's seamen had moved into the new blocks, work on the quarters for the divisional cadres still had not been started, with many of them still living in quarters for regimental cadres. Later, the detachment party committee again invested more than 2 million yuan to build a seamen's park, sports ground, and swimming pool, as well as to install a satellite TV antenna and closed circuit TV system. The money also was used to construct a basketball court, club house, activities room for each of the submarines, as well as a big canteen for the seamen. More than 20 qualified chefs were trained to serve in the canteen to ensure that officers and seamen on the submarines would be well fed. A vegetable plot that was sheltered from excessive sunshine, typhoons, and storms was created to ensure that the personnel would have supplies of fresh vegetables throughout the year. A boiler room was built to ensure that the staff would have instant boiled water for drinking, and a special water supply pipe was laid to solve the past problem of water not being able to reach three seamen's blocks because of their being located on high ground. Today the barracks of the submarine detachment have a beautiful environment, with the personnel all having a sense of belonging, and has become an advanced barracks in environmental improvement.

A Waste of Effort for Those Who Wanted To Move Up the Career Ladder Without Hard Work

"Employ people in a fair and decent way, and employ fair and decent people." This is a catchphrase of the standing members of the detachment and is their normal practice in using cadres. Once, when the military academies and institutes were enrolling students, the Nanjing Naval Command Institute assigned a place to this detachment. Its request was for a captain who had undergone full training and passed all the tests. A captain of one of the submarines who had not passed all the tests came to see the detachment's political commissar, and asked to attend the institute. The commissar said to him seriously: "The party committee has studied your resume; you do not meet the requirements." After that, this captain used his connections to contact an old chief, who asked his secretary to ring up the detachment leaders to lobby on the captain's behalf. The comrades of the detachment party committee rediscussed his case, and decided that on the question of employment of cadres, the authority of the party over the cadres must be upheld, that everything would have to be done according to the proper procedures, and that no favors would be given regardless of who was doing the lobbying.

It was a waste of effort for the one who tried to secure a place on the career ladder, and it was equally a waste of

effort for the one who tried to get promoted. The pilot of one of the submarines went to see Han Linzhi in his home, saying: "We lack a vice captain on the submarine; I am an old subordinate of yours and have been following you for over a decade, and I have remained at the vice-battalion rank for a full three years..." Without waiting for him to finish, Han Linzhi took over: "The title of cadre is obtained through real work, not through asking. Becoming an officer through connections is not part of our party's tradition!" Criticism apart, however, the commander of the detachment still reported his case to the party committee. After wide consultation, inspection, and examination, they still finally decided it was impossible to promote this pilot. After the case was closed, Han still repeatedly advised the personnel department: "On matters related to the employment or promotion of cadres, follow the party rules."

People trying to secure a place on the career ladder and people demanding promotion all were blocked, while people who were able and decent got green lights all the way. Qiu Jindang was a professional military man, an "excellent and knowledgeable coach" for the whole armed forces, and a "magic engine doctor." He had

never been to the homes of the leaders in his years with the armed forces, still less given them any presents. Yet the party committee promoted him and honored him with a second-class merit. Another professional military man, Ding Xiuhong, possessed good military skills although he was slightly advanced in age. Despite having no leaders to lobby for him and never asking for promotion himself, the party committee still promoted him. Last year, five officers in the detachment were promoted, and 11 cadres were promoted as exceptions. They were all comrades who had high reputations, and were recognized by the masses as honorable and able people. Officers and seamen in the detachment all agreed: The cadres promoted by the party committee all got where they were through their own hard work.

Persevering and achieving the exceptional in a remote corner of our country, the "group of people" in the party committee of the submarine detachment have created an advanced team that is politically sound and militarily capable, and has exemplary behavior, strict discipline, and good monitoring mechanisms. Their clean conduct has enabled them to create a good party committee in the special economic zone.

General

Li Ruihuan Stresses Reform of State Enterprises

OW1804110995 Beijing XINHUA in English 0944
GMT 18 Apr 95

[FBIS Transcribed Text] Beijing, April 18 (XINHUA)—During a recent inspection tour of Liaoning Province, an old industrial base in northeast China, senior leader Li Ruihuan urged local state-run enterprises to speed up reforms in their internal operations to keep in line with the State's overall economic development.

Li, chairman of the National Committee of the Chinese People's Political Consultative Conference and a member of the Standing Committee of the Chinese Communist Party's Political Bureau, pointed out that the revival of large and medium-sized State enterprises is the key to China's economic reforms and social stability.

He said that the enterprises played an important role in China's national economy by providing large amounts of industrial raw materials and equipment, and training a large number of entrepreneurs and outstanding technological personnel.

Now, however, they are facing difficulties such as producing unmarketable products, heavy debt burden, outdated equipment, and redundant employees, which are an inevitable consequence of China's switch from a planned economy to a market economy and cannot be solved in a short period of time.

On the other hand, State enterprises have development potential, with their capital and resource advantages, and the central government will, in accordance with its overall economic program, help them get out of their difficulties with more financial aid for technological improvements, Li said.

The enterprises themselves should be persistent in solving their current problems and carrying out reforms in order to meet the new market economy demands, not just relying on State relief, Li said.

In particular, he stressed the idea that during the period of reforms, enterprises should show more concern for the living conditions of their workers who have made great contributions in their work.

Minister Unveils 8 Reforms for Rail Industry

HK1804084895 Beijing CHINA DAILY in English 17
Apr 95 p 1

[Article by Yang Yingshi: "Minister Outlines Railway Reforms"]

[FBIS Transcribed Text] The Ministry of Railways has unveiled an eight-point reform plan to promote the rail transport industry, which has been struggling to meet the demands of the surging market economy.

The reform is aimed at making the industry more market-oriented, said Minister of Railways Han Zhubin.

The rail transport industry suffered a loss of more than 3.4 billion yuan (\$400 million) last year and is facing still bigger losses this year, because its rigid, highly controlled management system has been unable to meet the changing situation, Han said.

With increasing competition in the transport sector in recent years, the railways' share of total handling capacity has dropped while that of the highway, waterway and air has risen.

As for passenger trains, poor service, especially on short-distance regular trains, has long been the cause of complaints from passengers nationwide.

Under the reform plan, 25 new high-standard passenger trains with better services will be introduced.

Twenty of them will run between the three major centres of Beijing, Shanghai and Guangzhou.

The others will serve tourist destinations and provincial capitals. The new trains will raise the proportion of high-standard passenger trains to 23.7 percent from the current 10.4 percent.

By the end of the century, the proportion is expected to reach 50 percent, with more than 120 high-standard trains in operation.

The ministry also plans to increase the number of sleeper cars on the trains between popular destinations, raising the proportion of sleeper cars to 25 percent next year from 23.1 percent in 1993.

Express passenger trains to Beijing, Shanghai and Guangzhou will be required to have at least five sleeper cars each this year.

The ministry plans to reduce the number of regular passenger trains, which are slow because they stop at many small stations.

Experts say such trains are a waste of transport capacity and personnel, and could be replaced by road transport.

And 43 major railway stations have been chosen to pioneer new methods of cargo handling.

Railways will start using containers instead of boxcars to transport dangerous cargo. Trains carry 90 million tons a year of inflammable, explosive or poisonous materials.

The procedures for cargo transport are to be made more efficient, through computerization and the elimination of unnecessary steps.

Other reform measures involve strengthening controls on rail lines for special use, requiring tarpaulins on freight trains and improving loading and unloading systems.

Meanwhile two new bodies, the China Railway Container Transport Centre and the China Railway Special Cargo Transport Centre, were set up by the ministry to oversee the two areas.

Paper Lists 10 Cases Harming Consumers' Rights
HK1504080295 Beijing RENMIN RIBAO in Chinese 9 Apr 95 p 2

[Dispatch by staff reporter Pan Gang (3382 1511): "Revelation of 10 Major Cases Harming Consumers' Rights and Interests"]

[FBIS Translated Text] Beijing 8 Apr (RENMIN RIBAO)—The China Consumers' Association has published 10 major cases in which consumers' legitimate rights and interests were harmed across China in 1994. Those cases which had serious consequences were investigated, verified, and handled and were made known to the public through the media.

Cao Tiandian, chairman of the China Consumers' Association, indicated that the adjustment and publication of those cases involving harm to consumers' legitimate rights and interests aimed to caution consumers not to be taken in again when facing similar situations. At the same time, it has also demonstrated that doing harm to consumers' legitimate rights and interests today is still a serious problem which calls for the joint efforts of consumers to resolutely fight back through legal means.

The 10 major cases which brought harm to consumers across China in 1994 are as follows:

1) On 2 March 1994, peasant Chen Yingzhi from Sichuan's Yibing County sold clear liquor which he had diluted with methanol; consequently, dozens of people were poisoned, of which eight died and one was blinded. Chen Yingzhi received the death sentence.

2) In July 1994, the Huaxin Cotton Textile Mill knitwear branch of Henan's Weihui City assembled and marketed an inferior gas stove, which exploded when it was used by customers, resulting in one death, two casualties, and the total destruction by fire of the customers' properties. In July 1994, the court ruled according to the law that the victims receive indemnities of 160,000 yuan.

3) In September 1994, workers of Guilin's Dangui Karaoke searched, robbed, and blackmailed its clients, and the people's court passed sentences on them.

4) On 22 December 1993, a hospital attached to Shandong's Weifang medical college mistakenly operated on two children suffering from different diseases, causing them harm. The two people bearing the primary responsibility were expelled from the hospital.

5) On 11 November 1994, Jiangsu's Wuxi Yangming Soybean Milk Factory marketed contaminated soybean milk; consequently 1,300 primary school pupils were poisoned. The factory was closed for rectification and was fined 30,000 yuan.

6) The Hohhot Petrol Company branch sold kerosene diluted with gasoline, resulting in an explosion and subsequent fire, which burned the face, ears, and hands of a 12-year-old (female) consumer Chang Suyun.

7) In spring 1994, Jiangsu's Huaiying Agricultural Technological Comprehensive Service Company marketed inferior insecticide; as a result, some 1,000 peasants in Huaiying and Xuzhou were wounded. The case was investigated and handled according to the law.

8) In 10 May 1994, due an error by the power-supply station, 380-volt high voltage power was directly transmitted to clients in Hunan's Hengyang Yanwu Road residential area for 10 consecutive years; consequently, 69 electric home appliances in 56 households were damaged. After four-and-a-half months of investigation and mediation by the Hengyang Consumers' Association, compensation was paid to all the victims.

9) In May 1994, inferior "King Charles" shoes wreaked havoc in Heilongjiang's Moudanjiang; the related departments of the city, including the industrial and commercial administration, investigated and handled the incident and recovered the losses of 1,600 customers. And,

10) Anhui's Luan Shenchun Liquefied Gas Company Hefei Branch failed to supply gas in accordance with its contracts, thus harming the legitimate rights and interests of 329 consumers. The company came under legal sanction.

Commentary Praises Association

HK1504080495 Beijing RENMIN RIBAO in Chinese 9 Apr 95 p 2

["Short Commentary": "A Move That Enjoys Popular Support"]

[FBIS Translated Text] The China Consumers' Association has published "10 major cases of harming consumers' legitimate rights and interests across China in 1994." This is the first time that the China Consumers' Association has revealed to the public such behavior of harming consumers' rights and interests that disregards the law and discipline, and it is a move which enjoys popular support.

After 10 years of development, China boasts 2,580 consumers' associations at and above the county level. These associations handled approximately 400,000 customer complaints in 1994 alone, with a 94-percent settlement rate. Over the past 10 years, administrative and law-enforcement organizations have investigated and handled a number of cases of harming consumers' rights and interests, with consumers' associations providing details; this won the extensive admiration of various circles in society. However, we must also see that, more often than not, behavior harming consumers' rights and interests continues to occur, and the work of protecting consumers' rights and interests remains very

arduous. In the 10 major cases revealed today, there are cases of manufacturing and selling fake or inferior goods which led to deaths and casualties; there are cases of selling inferior seeds or insecticides which ended by injuring peasants; there are also cases of luring customers with "down payments" while aiming at swindling. Therefore, we can see that the work of protecting consumers' rights and interests must be grasped firmly not relaxed; it must be strengthened, not weakened; and work in this arena calls for continuous exploration, completion, and perfection, so that the work may be truly implemented.

China is a socialist country. The fight against all manifestations of behavior that harms consumers' rights and interests is the unshakable duty of the governments, people's organizations, enterprises and institutions at all levels. We hope that all sides will take active measures to do a still better job of protecting consumers' rights and interests in a more down-to-earth way.

Greater Local Role Urged in Fighting Inflation
HK1804030095 Beijing RENMIN RIBAO in Chinese
28 Mar 95 p 9

[Article by Miao Helin (4924 0678 2651) in the "Discussion on Key Reform Areas" column: "Let Local Governments Play a Full Role in Efforts To Curb Price Increases"]

[FBIS Translated Text] Curbing price increases and cooling inflation are serious matters affecting current and future reform, development, and stability. They are issues of concern to the masses. Local experiences have taught us that an important aspect in genuinely implementing the missions of the Third Session of the Eighth National People's Congress is to unify thinking, correct certain tendencies found among some cadres, and let local governments play a full role in curbing price increases.

Ideology and Understanding Must Be Unified

In recent years, the central authorities adopted a series of measures to strengthen macroregulation and control in response to escalating inflation. But these measures failed to stop effectively prices from going up. One of the important reasons was that these measures failed to genuinely correct the various biased viewpoints shown in the ideology and understanding of some cadres. Chief among these biases are: One, the theory that inflation is irrelevant. They believe that combating inflation and curbing prices are the jobs of the central authorities and are not the concerns and duties of local governments. Two, the theory that those who try to control inflation will actually be hurt by the effort. Some cadres, learning from what they call their "experience," believe that "whoever tries to control inflation will be hurt from it." Some think that an overheated economy is a problem for developed regions, while the "heat" in inland regions is still not strong enough, and these regions must continue

to "raise the temperature" in order to narrow increasingly the gap with developed regions. Three, the theory that inflation is harmless. Some comrades think that price increases speed up economic development, enliven enterprises, and raise financial revenue, and want only "the economy to develop in disregard of price hikes." Four, the theory that sees deregulating price control as a chance to allow things to work out by themselves. Some think that the pursuit of a market economy requires us to deregulate prices and allow producers and operators to set prices freely and do whatever they want, and that local governments need not interfere unnecessarily. In view of these different theories, the key to halting price increases and really cooling down inflation lies in subsuming the ideology and action of local governments at all levels under central decisions. Cadres of all ranks must cultivate an outlook that takes into account the overall situation; recognize the strategic significance of curbing inflation for reform, development, and stability; obey the overall situation without prompts; enforce strictly state macroregulatory and control policies. Cadres must have a scientific concept of development. Raising prices does not mean reform, and high inflation rates work against development. Cadres must understand correctly the relationships between high speed, high inflation rates, and high returns and direct the effort of development to raising the quality and returns of economic growth. They must have the concept that "local governments can make contributions." Unity in the understanding of local governments at all levels, consistency between their actions, and effectiveness in their measures are the key factors in determining whether or not central macroregulatory and control measures can be applied to where they are really needed, and whether or not price increases can be effectively halted. Only by thoroughly correcting the above mistaken concepts, facing difficulties, and steeling faith can we bring down the excessively high prices.

The Practice of Vying To Invest Must Be Stopped

One important reason why inflation has remained high is that localities have tried to outshine one another in investing. This is chiefly shown in: One, "greater investment." To achieve a higher economic development rate and propelled by the desire to "create more advanced experiences and score more administrative achievements," some local governments are enthusiastic only about scale and speed and compete with one other in mounting and expanding projects. This sharpens the contradiction between demand and supply and has caused prices to go up. Two, "capricious investment." Motivated solely by immediate and local interests, some localities plan and pursue only short-term projects, investing largely in nonproductive ventures, while transport, agriculture, energy, and technological transformation are being starved of inputs. This raises the prices of production goods and production cost and, finally, causes cost-push inflation. Three, "wasted investment." Many fixed-asset investment projects are decided upon in a blind fashion, launched in a hurry, and are not able

to produce goods as intended, resulting in high inputs and negative outputs and adding fuel to price rises. The above problems indicated that one of the key links in curbing inflation is bringing the scale of investment under control. Local governments at all levels must take this job very seriously and genuinely focus the effort of speeding up economic development on raising economic returns. Organizational and personnel departments of all levels must act according to the requirements of cadre system reform, adopt effective measures to appraise scientifically and accurately cadres' actual administrative achievements, employ organizational means to guide fixed-asset investment in a rational direction, and prevent a small number of cadres from winning important promotions by means of reporting false administrative achievements. Local governments must lavish efforts on transforming the investment mechanisms, clarify and define the legal-person status of investing units, perfect the constraint mechanisms on the responsibility, rights, and interests of these investing units in order to satisfy institutionally the "hunger for investment."

Supervision and Administration Must Be Effective

Strengthening supervision and administration is an effective means for local governments in trying to curb price hikes. However, with some local governments, price supervision and administration is still rather tenuous and incapable of making itself felt down on the "front" and "in the field." The situation is chiefly shown in the following: One, in some localities, central policies, rules, and regulations on fighting inflation and curbing prices are not really or fully implemented. Two, ineffective market administration has resulted in disorder in trade fairs and markets, accompanied by frequent disturbances, harassments, and intimidations between traders. Ineffectual crackdown has encouraged illegal operators to hike prices willfully to net huge profits, thus pushing up prices artificially. Three, some local governments still lack a monitoring, inspection, and regulatory and control system to help them with pricing under the condition of a market economy. They do not yet have a system to monitor and inspect prices, with the result that, once deregulated, prices "go their own way" or "flow underground." The situation is worsening. The above problems show that local governments have unshirkable responsibility for strengthening supervision and administration in pricing. First, they must firmly implement central policies, rules, and regulations on fighting inflation and curbing price increases. Through media, they must publicize and educate people about central policies, rules, and regulations to ensure that the people get the message. At the same time, they must adopt various effective measures to pursue vigorously the work of implementation. Second, they must strengthen the management of various trade fair markets, regulate pricing, perfect the market price administrative mechanisms, tighten the requirement to indicate prices clearly, improve routine price monitoring and inspection systems, and crack down on illegal profiteering, price frauds, monopolistic operations, and other

illegal behavior. Third, it is necessary to create greater space for the market, foster and perfect the market system, and step up efforts to systematize the circulation realm, so that prices can operate in a regulated market environment.

Try Hard To Make Operations Reasonable

Both the original financial contracting system and the current revenue sharing system recognize localities as independent entities representing their own interests. This recognition has provided opportunities for power players in some local governments to exercise their powers improperly in trying to satisfy their need of expansion and furthering development. To some extent, such improper exercise of power was responsible for price hikes. This was shown chiefly in the following: One, for various reasons, some local government leaders often interfere in bank's financial operations by pleading for loans on behalf of some enterprises, irrespective of the enterprise's viability. This increases the scale of credit and stimulates the growth of investment and consumption. Two, some local governments use the powers in their hands to divert funds earmarked to be submitted to the central authorities, or postpone submitting them. To some extent, such a practice also helps trigger price hikes. Three, some use the powers in their hands to raise product prices, labor wages, or service charges in pursuit of local interests, and pass the burdens to producers and operators, thus setting off a series of price increases. In view of the above problems, in curbing price hikes, local governments should first correct deviations in the exercise of administrative powers, correctly handle relationships between administrative behavior and price controls, and try hard to carry out administrative work according to law and to keep administrative behavior rational. Second, local governments should concentrate their energy on developing industrial and agricultural production and strengthening macroregulation and control and guidance on enterprise production; they should make enterprises reduce inputs, increase output, and work hard to raise labor productivity. For agricultural production, they should continuously increase inputs, improve adjustments in production structures, pursue "grain sack" and "food basket" projects, work actively to create a "minor climate" of sufficient supply market, so as to keep prices within a certain range.

Officials To Upgrade Financial Legal System

OW1704144295 Beijing XINHUA in English 1416
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—China will promulgate and put into effect this year three new laws, namely the Law on Commercial Banks, Law on Invoices and Insurance Law.

In March this year, China already promulgate and put into effect the Law on the People's Bank of China, the central bank of the country.

Besides, according to Wei Shenghong, an official with the People's Bank of China who is attending here the current National Conference on Financial Legislation, details and related rules and regulations for implementing the four laws will be drawn up as soon as possible.

To ensure the smooth development of a market economy, China is determined to establish a comprehensive financial legal framework by the year 2000 to serve, monitor, control and regulate various financial activities.

Only the central government and the central legislative bodies have the power to draw up financial laws, the official pointed out.

Without empowerment by the central government or central legislative bodies, local governments and legislative bodies are not allowed to enact any financial laws, he added.

State Firms Urged To Enhance Management Levels

OW1704134995 Beijing XINHUA in English 1257
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—Poor management has exacerbated the difficulties facing some state enterprises, according to a top government official.

Vice-Minister of Finance Zhang Youcai said here today that excessive emphasis has been put on the property right reform in recent years, while the relaxed management in some state enterprises has been left unattended.

"Some time-tested management methods are being discarded," said Zhang, criticizing those firms which "persist in seeking tax breaks and profit hand-over cuts, while making no effort to make the best of the autonomy delegated to them by the central government."

The Ministry of Finance has adjusted its policies toward state firms since the 1980s, to expand their financial resources. A new enterprise accounting and auditing system introduced in July 1993 allows state firms to get nearly 80 billion yuan a year in depreciation allowance and draw another 86 billion yuan from accumulated profit gains.

In 1993 alone, the treasury wrote off about 100 billion yuan of state firm property losses and debts, noted Zhang.

"These firms always find they have not enough money for technical upgrading," said Zhang.

Moreover, fund abuse is serious in some localities, government departments and firms which have carried out capital construction with technical renovation funds, invested capital construction input in non-production

projects, or used technical development funds for administrative purposes, according to the vice-minister.

Weakened internal management has led to increased production costs and a drop in product quality, which in turn contributed to the soaring inflation last year.

Official statistics show that state industrial firms' consumption of raw materials and energy accounted for 77.5 percent of their production cost. Moreover, only about 70 percent of their products met the state quality requirements.

"It is imperative for state enterprises to switch their focus to internal management," said Zhang. "Only when state firms' economic returns have improved can they survive the possible shock incurred by enterprise reform."

He said that the Ministry of Finance will strengthen supervision of enterprises' management of production costs and capital fund usage.

The ministry will make an inspection of the implementation of the new accounting and auditing system in state enterprises, helping them to make the best use of their delegated autonomy.

'Basic Foods' Prices Higher Than on World Market

HK1804092795 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 18
Apr 95 p 4

[By Jasper Becker in Beijing]

[FBIS Transcribed Text] Chinese consumers are paying as much as 50 per cent above world market prices for some basic foods like grain and vegetable oil, according to Western agricultural experts.

Early last year, prices for most domestic grains overtook world market prices and continued to rise.

United States' Feed Grains Council representative in Beijing Todd Meyer said: "This price difference is astounding; quite extraordinary."

Sixteen years ago when China started its agricultural reforms, it set purchasing prices and consumer prices well below those on world markets.

As subsidies to farmers and consumers have been lifted, prices have risen steadily.

However, Western experts said it was unprecedented for Chinese to be paying more for their food than Americans.

A Western diplomat said the picture in China was complicated because prices for different products varied greatly from region to region depending on factors like local availability and transportation costs.

He said that the steepest rise was in corn.

Farmers in Jilin province, the country's biggest corn region, were now selling their corn on the market at 1,200 yuan (about HK\$1,100) per tonne.

In America, farmers were selling it at U.S.\$90 a tonne.

In inland provinces like Sichuan corn is fetching as much as 1,750 yuan a tonne, about twice U.S. domestic prices.

"In the past six to eight months U.S. corn has become very competitive," the diplomat said.

"Even after shipment and taxes, it is still cheaper than domestically grown corn."

Corn is used to feed pigs and poultry and, while Chinese pork is still cheaper than in the U.S., chicken meat is now more expensive.

Chinese consumers were paying more for rice and vegetable oils.

The diplomat said: "If you look at what people earn, these are exorbitant prices."

It implied the yuan was undervalued against the U.S. dollar.

In recent years, China has been a large corn exporter, sending as much as 12 million tonnes a year to South Korea and Japan, but it has been forced to stop the trade.

For the first time in a decade, China has now decided to import corn in order to curb price rises.

In the past, corn exports cancelled out wheat imports allowing Beijing to claim China was self-sufficient.

Western analysts believe the Chinese Government made a serious mistake by announcing months beforehand that it would raise corn prices.

This naturally encouraged peasants to hold on to their corn and started a price spiral.

Chinese peasants are normally obliged to fulfil a state quota of between 20 and 40 per cent of their crop at a price now set at 660 yuan per tonne.

The rest they can sell on the free market at roughly double the price.

World corn prices are particularly low because the U.S. crop has been the largest in living memory.

The diplomat said: "China is going to be a big net importer of grain this year."

Just how big depended on how much corn and other grains China released from its state granaries. The amount held in these stores was a secret.

The national corn shortage was critical in some parts of the country, he said.

Industry representatives said in some places like Wuhan flour mills had been forced to close.

Shortages were partly caused by last summer's flooding.

China has already begun stepping up its imports.

The first imported-corn delivery since the late 1980s arrived last December.

The same month China imported U.S. malting barley used for brewing beer for the first time.

Wheat imports are also expected to rise. China has been a steady importer of wheat for some years but farmers in Canada, the U.S. and Australia are hoping China will buy more.

A trade importer said: "We expect additional sales."

In the U.S. marketing year from June last year to May 30, China bought 3.5 million tonnes and the total by August is forecast to be 4.5 million tonnes.

Some experts believe that wheat exports could again hit a record of 11 million or 12 million tonnes.

Analysts are watching closely what China will do this year to gauge future trends. Current policies are believed to be failing.

After the central government phased out grain coupons in the early 1990s many provinces reintroduced them.

This has not dampened inflation but merely exacerbated the problem. Urban residents have sold their coupons which enable them to buy low quality grain from state stores at fixed prices to non-urban residents.

Demand for better grain has continued to drive prices up.

This is especially so in Guangdong where there is a concentration of domestic and joint venture mills offering top prices for quality wheat and other grains.

At the same time, farmers are holding on to their grain in hopes of higher prices and because it is a good hedge against inflation.

Next 5-Year Plan Said To Set Growth at 8-9%

HK1804085695 Hong Kong HONGKONG STANDARD in English 18 Apr 95 p 1

[By Pamela Pun]

[FBIS Transcribed Text] China's leadership will meet in July or August to thrash out the last five-year plan for this century and is expected to switch economic development away from the coastal areas to the poor interior regions in the west of the country.

And Hong Kong is also to be included in the blueprint for the first time.

Leaders at the fifth plenum of the 14th Central Committee of the Chinese Communist Party are expected to endorse the plan which will promote the use of advanced technology.

The draft proposal of the Ninth Five-Year Social and Economic Development Plan covers the period 1996 to 2000 and sets out a moderate annual growth rate of 8-9 per cent, according Chinese sources say [as published].

Chinese President and party chief Jiang Zemin had postponed his trip to Thailand originally scheduled for July, so he could chair the meeting, the sources said.

Authorities are expected to strengthen Beijing's overall economic control and step up measures to keep price rises to below 10 per cent while keeping the annual fixed investment growth rate below 30-35 percent.

The plan will reiterate that the country's economic development should be kept in line with national capabilities and stress the need to give priority to profitable industries while allowing debt-ridden state firms to go bankrupt.

A new strategy will pump in extra funds to develop the country's impoverished inland areas and western regions.

The move is an apparent effort to narrow the income gap between the rich coastal areas and the backward landlocked provinces.

To feed the growing population, which now stands at 1.2 billion, the central government is determined to protect arable land from further depletion and encourage the cultivation of farmland.

State Firms Register Average 6.8% Growth

OW1704160795 Beijing XINHUA in English 1534
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—China's state enterprises registered an average 6.8 per cent industrial growth from 1992 to 1994, an early sign of a turn for the better, according to the Ministry of Finance here today.

They also reported improved operations, with the pre-tax profits increasing by 29 percent annually during that time.

The trend was obvious in 1994, which saw state firms' total production value and pre-tax profits increase by 5.7 percent and 10.6 percent, respectively, from the previous year, and the average profit from every 100 yuan (about 11.9 U.S. dollars)-worth of sales reached 4.42 yuan, 1.85 yuan more than in 1992.

Last year the state-run firms' total after-tax profits exceeded 59 billion yuan, up 20 percent from the previous year.

With improved finances, these firms were able to repay 49.3 billion yuan-worth of long-term debts to banks.

"State enterprises have been and will remain the backbone of the country's economy," said Zhang Youcai, China's vice finance minister.

Addressing a national meeting on state firms, sponsored by the ministry, Zhang said that, as the main suppliers of energy, raw materials and technical equipment, state firms have played a big role in fueling China's economic development.

"The state firms have absolute superiority over enterprises with different ownerships in technology, scientific research and development capability," he said.

In 1993 the total capital assets of the country's 80,000-odd state firms reached more than 3,260 billion yuan, and their tax payments surpassed 163.7 billion yuan, accounting for 60 percent of the total state revenue.

Meanwhile, the per capita labor productivity in the state firms was 49,200 yuan, in contrast to the average 47,800 yuan for Chinese enterprises as a whole.

Zhang admitted that there are problems with some of the state-owned firms, which have been long plagued by lack of funds and heavy debts as a result of poor management.

"But I believe that we can solve such problems by deepening the reform. The improved operation record is the latest encouragement," he said.

Sino-Western Economics Research Institute Opens

OW1804072495 Beijing XINHUA in English 0649
GMT 18 Apr 95

[FBIS Transcribed Text] Beijing, April 18 (XINHUA)—China's first research institute on the economics of law—the Beijing Sino-Western Law and Economics Research Institute—has been set up here, as a private scientific research organization.

In the economics of law, a new subject in social science, methods of economics are applied to the study of law, political systems, and various regulations relating to economic matters. Its goal is to promote economic efficiency in laws, regulations, policies, and various rules.

The head of the new institute, Guo Jinglong, said that developing the new science in China will help to put the country's legislation, reform measures, and policy-making on a more scientific and democratic footing.

Guo said that his institute will focus on improving the theoretical systems and implementing in relation to China's realities, to form a new practical system with Chinese characteristics.

It will also systematically translate and introduce recent research in this field from the West, help to establish ties between government, industries, and scholars both at home and abroad, and provide consultation for institutions and enterprises on policy-making.

The research institute was jointly established by a group of lawyers and scholars who formerly worked for the

Ministry of Foreign Trade and Economic Cooperation, and who returned from North America after years of work.

They maintain regular business ties with colleagues in the U.S., Canada, Hong Kong, and Japan, Guo said.

New Air Route Links Shanghai to Tourist Resort

OW1704140495 Beijing XINHUA in English 1328
GMT 17 Apr 95

[FBIS Transcribed Text] Shanghai, April 17 (XINHUA)—A new air route was opened today between Shanghai, China's largest metropolis and the Zhangjiajie Forest Park, a leading tourism resort in central China's Hunan Province.

The air route is operated by China Southern Airlines using Boeing-737 planes. It takes about two hours to fly between the two places, which are 1,184 km apart.

The Zhangjiajie airport was completed in August last year, and air routes connect it with Beijing, Guangzhou, Changsha and Chongqing cities.

The new air route will play an important role in enhancing economic and tourism ties between eastern and central-southern China.

Finance & Banking

Vice Minister of Finance on Enterprise Reform

SK1804080795 Beijing XINHUA Domestic Service in Chinese 1601 GMT 17 Apr 95

[Article by RENMIN RIBAO reporter Mei Hongru (2734 3163 1172) and XINHUA reporter Ding Jianming (0002 1017 6900): "Zhang Youcai Stresses the Ministry of Finance Should, as Always, Support the Reform and Development of Enterprises"]

[FBIS Translated Text] Beijing, 17 Apr (XINHUA)—At the national financial work conference and the national work conference of industrial and communication enterprises held in Beijing on 17 April, Vice Minister of Finance Zhang Youcai stressed that the Ministry of Finance should, as always, support the reform and development of enterprises and should create a good external environment for enterprises.

Zhang Youcai stated: At present, state-owned enterprises are confronted with many problems and difficulties in the course of reform and development. Some of the problems and difficulties can be resolved as long as enterprises exert efforts to improve management. However, some cannot be resolved merely through the enhancement of enterprise management, but should be resolved externally with the efforts of all departments.

Zhang Youcai introduced: Supported by various kinds of policies, the Ministry of Finance has greatly increased the funds allocated to enterprises at their own disposal

since the implementation of the reform and opening up policies. The "General Rule on the Financial Affairs of Enterprises" and the "The Criterion on Enterprises' Accounting," which began implementation from 1 July 1993, were the largest measures ever applied for reducing enterprise taxes and for conceding profits to enterprises. Not only were more than 100 billion yuan of the historical burdens of enterprises unloaded at the time, but the funds at enterprises disposal have increased annually by more than 50 billion yuan. Moreover, to support enterprise reform and economic development, the Ministry of Finance has also done its best to allocate capital. Expenditures on economic construction have constantly accounted for more than 40 percent of the annual total expenditures. Of the expenditures on economic construction, the spending for tapping potential, for conducting transformation, and for trial-manufacturing new products continues to increase with each passing year. Spending in these aspects totaled 40 billion yuan in 1994, an increase of more than 100 percent over 1992. Besides, the central industrial and communication department allocates more than 100 billion yuan of extra capital to cover various construction funds; state-owned industrial enterprises annually retain nearly 80 billion yuan of depreciation funds and nearly 60 billion yuan of after-tax profits. Viewing these figures, we know that a considerably large amount of funds are annually allocated to support economic construction and the reform and development of enterprises.

Zhang Youcai stressed: Over the past years, the Ministry of Finance has made great determination and paid large prices in order to "buy a good mechanism." However, the key problem at present is that these kinds of financial policies have not been put in place completely. Some enterprises do not retain fixed amounts of depreciation funds; hate to spend money for technological development; and do not amortize according to regulations their various losses and burdens due to their dullness. All these losses and burdens are kept on the enterprises' accounts. Capital is used in a scattered manner. The phenomena of diverting capital for other uses is considerably serious in some localities, departments, and enterprises. Some develop capital construction with technological transformation funds, and some develop nonproductive projects with capital construction funds.

To this end, Zhang Youcai pointed out: At present, the financial departments' primary tasks for helping resolve enterprises' difficulties are to improve the implementation of the existing policies, to inspect the situation that enterprises implement "two rules" and "two systems," and to make good and full use of existing policies. Simultaneously, we should strengthen supervision over the use of enterprise capital, help enterprises work out plans for the use of the capital, and ensure that capital will be used according to regulations. In allocating capital, we should persist in the principle of putting benefits

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ahead of everything, and should allocate more capital to enterprises with higher economic results for technological transformation.

As informed by Zhang Youcai, to further support the reform of state-owned enterprises and create a good external environment for their development, the Ministry of Finance prepares to base itself on sorting out, classifying, and perfecting the existing policies to study and stipulate relevant state financial supporting policies on encouraging enterprises' technological progress and supporting enterprises' technological transformation; particularly prepares to offer policies and capital to several enterprises or enterprise groups themselves to jointly study and develop new products and new techniques; and prepares to help production units and scientific research institutions jointly make developments and transform their findings. Simultaneously, the Ministry of Finance also prepares to raise the proportion of public accumulation funds retained by enterprises from their profits to ensure through supervision that enterprises will retain full amounts of depreciation funds so as to help enterprises expand their capital resources, and to stipulate some financial policies, including one on the outflow of enterprises' surplus personnel and one on eliminating enterprises' burdens for running social undertakings.

Foreign Reserves Strengthened After Dollar's Fall

HK1804092695 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 18
Apr 95 p 1

[By Foo Choy Peng in Shanghai]

[FBIS Transcribed Text] Amid the depreciation of the greenback and stubborn inflation, China has strengthened its foreign reserves, the bulk of which are kept in U.S. dollars.

Banking sources said the People's Bank of China (PBOC), the country's central bank, had recently appointed two deputy governors to help manage the reserves in a bid to prevent losses of [as published] and to help keep down inflation.

Zhou Zhengqing, the most senior of the PBOC deputy governors, and Chen Yuan, son of recently deceased leader Chen Yun, have been appointed as custodians of the reserves, which rose sharply to about U.S.\$50 billion last year.

Until their recent appointment, Zhu Xiaohua, a protege of economic czar Zhu Rongji, was primarily managing the reserves through his position as director of the State Administration of Exchange Control (SAEC).

SAEC has overall administrative responsibilities for the country's foreign reserves on behalf of the State Council, but comes under the PBOC's scope.

It is not known whether Zhu Xiaohua has vacated his post as SAEC director, but sources said he had been asked to look into the setting up of co-operative banks this year to hurry the commercialisation of the antiquated banking sector.

Analysts said that with the increased volatility of the international foreign exchange markets, China felt an urgent need to have more experienced hands to manage its reserves instead of relying just on Zhu Xiaohua, youngest of the PBOC deputy governors.

Because of the impact of the Mexican peso crisis, the rise of the Japanese yen and the corresponding fall in the U.S. dollar, China has had to restructure its portfolio of foreign currencies to ensure that the increase in foreign reserves would not be lost through inept management.

China does not disclose the structure of its foreign reserves, but foreign economists believe a sizable amount is in U.S. dollars, with a smaller portion kept in pounds sterling and other major currencies.

The depreciation of the U.S. dollar over the past few months has meant an erosion in the value of foreign reserves.

This is despite the yuan increasing against the greenback.

"With the yen going up, Beijing will suffer on both fronts," an analyst said.

"It has to pay more to service its yen debts while seeing its reserves eroding in value.

"So, it has to act fast to protect its reserves," he said.

Foreign reserves went up sharply last year mainly because of a trade surplus of more than \$5 billion and a massive inflow of foreign direct investment, estimated between \$26 and \$33 billion.

Last year's sharp inflow of foreign investment was a record, despite a drop in contracted investment, and had made the task of harnessing inflation more difficult.

Because investments had to be made in the local currency, the huge inflow of foreign funds has meant that the PBOC has had to sell yuan to foreign investors in order to meet local obligations.

The increase in money supply at a time of rising prices made it difficult for PBOC to bring inflation down, although the government made it the top priority.

Inflation, based on the consumer price index, hit 24.2 per cent last year, a post-1949 high.

This year, the government vowed to bring it down to about 15 per cent.

Experts Symposium Studies Price Controls

OW1704161195 Beijing XINHUA in English 1550
GMT 17 Apr 95

[FBIS Transcribed Text] Shanghai, April 17 (XINHUA)—Chinese economic experts attending a symposium here today expressed cautious optimism about the government target for controlling inflation at around 15 percent this year.

"As the central government has decided to put a rein on investment scale and the growth of consumer funds, and tighten credit and money supply, the macro-economic environment will surely be improved, making it possible to bring the price of a great many commodities under control," said Liu Huangsong, an official of the Shanghai Municipal Bureau of Statistics.

"In addition, the pressure from government policy-oriented price adjustments can be alleviated following a State Council decision announced last December to ban such adjustments in the first half of this year," Liu noted.

However, since the price situation will, to a large extent, depend on the summer and autumn grain harvests, if the harvests turn out less than ideal, then the price situation will be less optimistic, Liu added.

According to predictions made by Xu Zhijian of Nanjing University, the month-on-month price index in June and July will drop to the lowest level of this year, while the year-on-year index will be 13 percent to 15 percent. In the latter half of the year the index is expected to rise slightly, bringing the yearly level to around 16 percent and close to the state's target.

Xu, who was also participating in a symposium on the treasury bond market, pointed out that because of massive construction scale, the constant drop in agricultural investment in recent years and the pressure from the devaluation of the yuan, there still remains a high possibility of price hikes, making controlling inflation an arduous task.

Foreign Banks Expand Business in Tianjin

OW1804110795 Beijing XINHUA in English 0754
GMT 18 Apr 95

[FBIS Transcribed Text] Tianjin, April 18 (XINHUA)—Since 1992, nine banks from Britain, France, the Republic of Korea, Singapore, and the United States have opened branches in this largest port city in north China.

The branches had assets worth 700 million US dollars at the end of 1994, according to an executive with the Tianjin Branch of the People's Bank of China, China's central bank.

He said that the branches had 95 million dollars in savings deposits and had made 400 million dollars in loans by the end of 1994.

He said that although at present they cannot do business in renminbi, they usually begin showing a profit within four to five months of opening.

In a related note, the Tianjin branch of the Chase Manhattan Bank of the United States is investing in an ethylene plant and a thermal power plant in Tianjin.

*Statistical Bureau 1994 Development Communiqué

95CE0373A Beijing ZHONGGUO XINXI BAO in
Chinese 28 Feb 95 pp 1, 2

[Article: "People's Republic of China State Statistical Bureau Statistical Communiqué on National Economic and Social Development in 1994"]

[FBIS Translated Text] During 1994, people of all nationalities throughout the country made major advances in reform of the country's taxation, finance and banking, foreign exchange, foreign trade, prices, and commodity circulation in accordance with the policy of "making the most of opportunities, intensifying reform, widening the opening to the outside world, promoting development, and maintaining stability." The national economy maintained rapid growth, the people's standard of living continued to improve, and all social endeavors showed further progress. Preliminary statistics show a GDP of 4.38 trillion yuan for the year, up 11.8 percent from 1993. This included 823.1 billion yuan in added value for primary industry, up 3.5 percent, an added value of 2.1259 trillion for secondary industries, up 17.4 percent, and an added value of 1.431 trillion for tertiary industries, up 8.7 percent. The main problems in economic development were as follows; excessive rate of increase in market prices; lagging development of agriculture; and continuing problems with production and business in some state-owned enterprises.

Agriculture

Agricultural production triumphed over serious natural disasters to bring in a fine harvest. Outputs of principle farm products showed a decline in grain output declined, revival of cotton output in the reversal of a declining trend, all-time high outputs of oil-bearing crops, and another bumper crop of vegetables and fruits. Outputs of sugar-bearing crops, hemp, and flue-cured tobacco fell. Sluggishness in the development of agricultural production contrasted sharply with rapid development of the national economy and steady rise in the people's standard of living.

Outputs of principal farm products were as follows:

	1994	Percent Increase Over 1993
Grain	444.5 million tons	-2.5
including: Cereal crops	393.97 million tons	-2.8
Oil-bearing crops	19.84 million tons	10.0
including: Peanuts	9.64 million tons	14.4
Rapeseed	7.46 million tons	7.5

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Cotton	4.25 million tons	123.6
Jute and ambari hemp	380,000 tons	-44.1
Sugarcane	60.86 million tons	-5.2
Sugarbeets	12.53 million tons	4.0
Flue-cured tobacco	1.95 million tons	-35.2
Tea	580,000 tons	-2.9
Fruit	34.78 million tons	15.5

Forestry production and forest building moved ahead steadily, afforestation quality rising steadily. Afforestation of a total of 5.9 million hectares was completed, the pace of building key national forestry projects picking up. Forest fire prevention, disease and insect pest prevention and control, and resources management and protection work continued to improve, the forest cover rate rising to 13.9 percent.

The livestock industry showed all-around growth, with the output of meat, poultry, eggs, and dairy products increasing.

Outputs of principal livestock products and numbers of livestock in inventory were as follows:

	1994	Percent Increase Over 1993
Meat	43 million tons	11.9
including: pork and mutton	36.7 million tons	13.8
Cow's milk	5.3 million tons	6.2
Sheep wool	260,000 tons	6.2
Silkworm cocoons	830,000 tons	10.2
Year-end number of hogs in inventory	412.18 million	4.9
Year-end number of sheep in inventory	239.59 million	10.2
Year-end number of cattle, horses, donkeys, mules, and camels	150.32 million	7.5

Fishing industry production continued to develop. Aquatic products output for the year totaled 20.98 million tons, up 15.1 percent from 1993. This included an output of 8.9 million tons of freshwater aquatic products, a 19.1 percent increase, and an output of 12.08 million tons of marine aquatic products, a 12.3-percent increase.

Agricultural production conditions continued to improve. Total agricultural machinery power stood at 336.85 million kilowatts at the end of the year. This was 5.9 percent more than at the end of 1993. Large and medium-sized tractors numbered 690,000, 4.6 percent

fewer than in 1993. Small tractors, and hand tractors numbered 8.21 million, up 4.1 percent. Farm trucks totaled 760,000, up 9.9 percent. Chemical fertilizer (pure fertilizer) use totaled 33.13 million tons for a 5.1-percent increase. Rural electric power consumption totaled 151.1 billion kilowatt hours, up 21.4 percent. Farmland water conservancy construction increased further, the effectively irrigated farmland area increasing.

2. Industry and the Construction Industry

Industrial production continued high-speed growth. Industrial added value for the year totaled 1.8359 trillion yuan in an 18-percent increase over 1993. In industry as a whole, state-owned enterprises increased 5.5 percent (if state-owned shareholding enterprises are included, they increased 6.8 percent); collective enterprises increased 21.4 percent, including a 27.3-percent increase in township-peraeted enterprises; and Sino-foreign joint venture, cooperative venture, and foreign-owned enterprises increased 28 percent. Large and medium-sized enterprises increased 12 percent for maintenance of steady growth momentum.

Light industry grew faster than heavy industry. The added value of light industry for the year was 766.8 billion yuan, 19.6 percent more than in 1993. The added value of heavy industry for the year was 1.0691 trillion yuan, up 16.5 percent. The output of some industrial products rose; others fell.

Outputs of principal industrial products were as follows:

	1994	Percentage Increase Over 1993
Chemical fibers	2.19 million tons	13.3
Cotton yarn	4.7 million tons	-6.3
Cotton cloth	20 billion meters	-1.5
Machine-made paper and cardboard	20 million tons	4.5
Sugar	5.819 million tons	-24.6
Crude salt	29.746 million tons	1.1
Cigarettes	34.213 million cases	1.4
Synthetic detergent	1.964 million tons	4.3
Color television sets	16.895 million units	17.7
Household washing machines	10.964 million units	22.4
Household refrigerators	7.645 million units	28.1
Aggregate energy output (in terms of standard fuel)	1.12 billion tons	4.7
Raw coal	1.21 billion tons	5.3
Crude oil	146 million tons	1.0
Electric power	920 billion kwh	9.6
Steel	91.532 million tons	2.2
Steel products	80.036 million tons	3.7

Ten non-ferrous metals	37.52 million tons	7.5
Cement	405 million tons	10.1
Timber	61 million cubic meters	-4.5
Sulfuric acid	14.947 million tons	11.8
Soda ash	5.684 million tons	6.3
Chemical fertilizer (100 % strength)	22.76 million tons	16.3
Chemical pesticides (100 % strength)	268,000 tons	4.4
Power generating equipment	17.069 million kw	15.9
Metal cutting machinery	192,000 units	-26.8
Motor vehicles	1.402 million vehicles	8.0
Tractors	46,000	21.8

Economic returns from industry rose. The composite economic returns index for industrial concerns for the year was 97.0, up 0.4 percentage points from 1993. Nevertheless, stocks on hand of industrial goods increased. A substantial number of concerns showed losses, and a large number of them owed each other money. Further improvement of the overall level of economic returns from industry is needed.

Production and business in the construction industry saw sustained and steady growth. Construction industry added value for society as a whole totaled 290 billion yuan for a 12-percent increase over 1993. State-owned construction firms began construction of 370 million square meters of housing, up 15.1 percent. Housing floor space completed totaled 120 million square meters, tying the 1993 amount. The all-personnel labor productivity rate was 8,969 yuan, rising a real 21.5 percent. Per-capita profits and taxes exceeded 1660 yuan, but losses rose slightly.

Prospecting produced new findings. Main ore fields containing industrial mineral deposits were newly discovered or newly verified at 150 locations throughout the year, and major new advances were made at 58 mineral prospecting areas. Major geological reports of use for construction were provided, and new additions were made to proven reserves of 30 different mineral deposits. These included 8.2 billion tons of coal, 1.2 million tons of copper ore, 53.3 million tons of pyrite, and 90.61 million tons of phosphate. A total of 15.9 billion yuan was invested in geological prospecting work. A total of 3.84 million meters of rock core borings were machine-drilled in connection with prospecting.

3. Investment in Fixed Assets

Investment in fixed assets was brought under control to a certain extent. Investment in fixed assets for the year totaled 1.5926 trillion yuan, up 27.8 percent from 1993 (after deducting for price increases, the increase was 15.8

percent), the extent of increase taking a 30.8 percentage point downturn from 1993. This included a 1.1354 trillion yuan investment, or a 34.2-percent increase in the investment of state-owned units (including state-owned units, Sino-foreign joint ventures, partnerships, and share system investment. The same applies herein-after). Investment in collective economy projects totaled 275.8 billion yuan, up 23.6 percent. City and countryside individual investment totaled 181.4 billion yuan, up 22.9 percent.

As part of the investment of state-owned enterprises, investment in capital construction totaled 628.7 billion yuan, up 35.3 percent; investment in renovation and technological transformation came to 284.2 billion yuan, up 29.6 percent; investment in housing and real estate totaled 179.6 billion yuan, up 41.3 percent; and other investment came to 49.2 billion yuan, for a 24.8-percent increase. Investment in central government projects totaled 354.4 billion yuan, up 30.7 percent, and investment in local projects totaled 601.5 billion yuan, up 34.5 percent.

Newly begun capital construction, renovation, and technological transformation projects requiring an investment of 50,000 yuan or more numbered 76,492, 1,768 fewer than during 1993. Nevertheless, investment in fixed assets remained somewhat high in the aggregate scale of investment in construction. Year-end capital construction in progress, and planned renovation and technological transformation projects took an investment of 3.0574 trillion yuan, 31.4 percent more than in 1993.

The pattern of investment continued to improve. The percentage of state investment in energy industries rose from 20.7 to 21.8 percent, and its investment in raw and processed materials industries took 11.9 percent of investment, about the same percentage as in 1993. State investment in posts and telecommunications climbed from 4 to 5.3 percent, but the percentage of its investment in agriculture continued to decline, amounting to only 2.9 percent, or 0.3 percentage points less than in 1993. Investment in the transportation industry fell from 16.2 percent in 1993 to 15.4 percent.

New advances were made in key construction. During the year, 105.1 billion yuan was invested in 151 key construction projects that are part of state plan. This was more than the planned amount. Seventy-two of the programs and individual projects were completed and went into production. A total of 137 large and medium-sized capital construction projects, and 224 above-norm renovation and technological transformation projects were completed and went into production nationwide.

Nationwide, capital construction added major new production capacity including the mining of 4.77 million tons of coal, an installed electric power unit generating capacity of 15.27 million kilowatts, the extraction of 15.45 million tons of petroleum and 1.134 billion cubic meters of natural gas (including the capacity added by

renovation and technological transformation and other investment), 810,000 tons of iron smelting, the manufacture of 92,200 motor vehicles, 480,000 tons of chemical fertilizer, and the felling and movement of 148,000 cubic meters of timber. A total of 278.6 kilometers of newly built railroad main lines were turned over for operation; 1,342 kilometers of newly built railroad multiple tracking was turned over for operation; coastal port cargo handling capacity increased by 25.8 million tons; municipal telephone installed capacity increased by 16,220 lines; long distance optical cable was extended

30,000 kilometers; 10,000 kilometers of microwave circuits were newly built; and 483 kilometers of new expressways were built.

Transportation, Posts, and Telecommunications

The production of communication and transportation maintained increase, 224.7 billion yuan of added value being completed during the year in a 6-percent rise over 1993. Nevertheless, imbalance between transportation capacity and demand continued.

The status of completed transportation was as follows:

	1994	Percentage Increase Over 1993
Freight turnover volume	3.3275 trillion ton kilometers	9.1
Railroads	1.2462 trillion ton kilometers	4.4
Highways	448.1 billion ton kilometers	10.1
Water transportation	1.5704 trillion ton kilometers	13.9
Civil aviation	1.95 billion ton kilometers	17.4
Pipelines	60.8 billion ton kilometers	Even
Tourist turnover volume	849.2 billion ton kilometers	8.1
Railroads	363.7 billion ton kilometers	4.45
Highways	363.7 billion ton kilometers	4.4
Water transportation	17.5 billion ton kilometers	-10.8
Civil aviation	53.3 billion ton kilometers	11.6
Main coastal ports cargo handling volume	730 million tons	6.2
including: Foreign trade cargo handling	270 million tons	11.1

The posts and telecommunications industry maintained high-speed growth. A total of 69.3 billion yuan worth of posts and telecommunications jobs were completed during the year, 50.2 percent more than in 1993. New city and countryside telephone customers broke the 10 million mark, 3.2 percent of the country having telephone service. Public communications capacity continued to improve, local exchange switching capacity reaching 48.78 million lines, and long distance switching capacity reaching 2.2 million circuit terminals. The technical level of the entire network improved greatly, the percentage of digitalization of long-distance relays reaching 80 percent, and the percentage of programmed urban telephone switching reaching 97 percent. Packet switching networks and public digital data networks are already equipped with the communications capacity to meet the information needs of the national economy at the present time. Postal routes have been increased by 29,000 kilometers, and computer control of postal tasks has been upgraded.

Domestic Trade and Market Prices

Domestic consumer goods markets are booming and lively. Social consumer goods retail sales volume for the year totaled 1.6053 trillion yuan, 31.2 percent higher than in 1993. After deducting for price increases, the real rise was

7.8 percent. This included urban sales of 955.5 billion yuan, up 33.2 percent, and rural sales of 649.8 billion yuan up 28.4 percent.

Broken down by economic class, non-state owned business were lively, their consumer goods retail sales total rising from 60.3 percent in 1993 to 66.3 percent. Meanwhile, state-owned business sales volume fell from 39.7 to 33.7 percent.

Means of production markets were steady. Social means of production sales volume for the year totaled 2.298 trillion yuan, up 21.2 percent from 1993. After deducting for price rises, the real increase was 12 percent.

Because of the too rapid increase in social demand during the past two years and the lag effect of the supraeconomic issuance of currency, the reduced outputs of some farm products because of natural disasters, state price rises made for policy reasons, and the inauguration of some macroeconomic reform measures that affected prices, market prices rose tremendously to become a pronounced problem in economic life.

Percent Price Increase Over Previous Year	(%)
1. Consumer prices	24.1
City consumer prices	25.0
35 large and medium-sized city consumer prices	24.8
Rural consumer prices	23.4
Food in general	31.8
Grain	50.7
Meat, poultry, and other products	41.6
Vegetable oil	64.1
Egg products	15.0
Aquatic products	20.3
Fresh vegetables	38.2
Clothing	17.1
Household appliances and necessities	12.0
Medical treatment and health-care articles	11.7
Transportation and communications equipment	7.8
Entertainment, educational, and cultural items	12.5
Housing	21.3
Services	25.7
2. Commodity retail prices	21.7
City commodity retail prices	20.9
35 large and medium-sized city commodity retail prices	20.7
Rural commodity retail prices	22.9
3. Retail prices of agricultural means of production	21.6
4. Agricultural product procurement prices	39.9
5. Industrial goods ex-factory prices	19.5

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External Economy

Foreign trade developed rapidly. Customs statistics show exports for the year of \$121 billion for a 31.9-percent increase over 1993. Imports totaled \$115.7 billion, up 22.3 percent. The composition of imports and exports improved further, the percentage of machinery and electrical equipment exported rising from 24.7 percent in 1993 to 26.4 percent. Imports of raw and processed materials in short supply domestically and of machinery and transportation equipment expanded. Exports of foreign-owned concerns continued tremendous rise, their exports for the year totaling \$34.7 billion, up 37.6 percent. This represented a rise from 27.5 to 28.7 percent of total exports.

The actual amount of foreign capital used continued to increase. Actual foreign capital used for the year totaled \$45.8 billion, 17.6 percent more than in 1993. This included a foreign firm direct investment of \$33.8 billion, up 22.8 percent. As of the end of 1994, registered enterprises in which foreign concerns invested numbered 206,000, a 40,000 increase since the end of 1993.

Marked advances were scored in foreign economic and technical cooperation. New contracts worth \$7.99 billion were signed for the contracting of projects and labor cooperation abroad. This was 17.5 percent more than in 1993. Completed business totaled \$970 million, up 31.5 percent.

International tourism made a very good showing. A total of 43.68 million travelers from foreign countries including compatriots from Taiwan, Hong Kong, and Macao, and overseas Chinese visited China for tourism, to conduct interviews, to engage in business, and for other activities. This was 5.2 percent more than in 1993. Foreign exchange earnings nationwide from this travel totaled \$7.323 billion, a substantial increase over the 1993 figure.

Finance, Banking, and Insurance

Finance and banking was mostly stable. Bank deposits increased fairly rapidly. Loans to support key state construction projects, to readjust the industrial structure, for state-owned enterprises that have markets and are making money, and for imports and reserves of important national materials increased.

As of the end of the year, the deposit balance in all national banks stood at 2.9328 trillion yuan, an increase of 794 billion since the end of 1993 for a 37.1-percent increase. This included an enterprise deposit balance of 1.1467 trillion yuan, an increase of 273.5 billion since the end of 1993 for a 31.3-percent increase; a balance for all kinds of credit of 3.1603 trillion, up 516.1 billion from the end of 1993 in a 19.5-percent increase. This included a short term credit balance of 2.3428 trillion yuan, up 19.3 percent. The medium- and long-term credit balance was 717.3 billion yuan, up 20 percent. The amount of cash in circulation at the end of the year was

728.9 billion yuan, a 24.3-percent increase over 1993. A total of 142.4 billion in cash was issued during the year. Money in the broad sense, (M_2), increased 34.4 percent over 1993. At the end of the year, the city and country savings deposit balance stood at 2.1519 trillion yuan. This was 631.5 billion yuan more than at the end of 1993, a 41.5-percent increase.

The country's foreign exchange reserves increased tremendously. The national spot exchange balance at the end of the year was \$51.6 billion, \$30.4 billion more than at the beginning of the year.

The insurance business grew substantially, contracts nationwide for the year totaling 11.1735 trillion yuan, up 30.1 percent from 1993. Income from premiums amounted to 49.8 billion yuan, 22.7 percent more than in 1993. This included 33.6 billion yuan from property insurance premiums, and 16.2 billion yuan from life insurance premiums. Property insurance claims totaled 19.5 billion yuan, and life insurance payments totaled 10.1 billion yuan.

8. Science, Education, Culture, and Health and Physical Education

The country's science and technology corps expanded. At the end of the year, state-owned enterprises and institutions had 26.58 million specialized technical personnel of all kinds, 2.4 percent more than at the end of 1993. State-owned independent research and development organizations at the county level and above nationwide numbered 5,860; institution of higher education-operated scientific research institutions numbered 3,000, and large and medium-sized industrial enterprise-operated scientific research institutions numbered 11,656. A total of 2.415 million persons were engaged in scientific and technical activities, including 1.539 million scientists and engineers.

Appropriations for science and technology increased. Payments for scientific and technical expenses by institutions of higher education, and by large and medium-sized industrial concerns totaled 63 billion yuan. This included 22.2 billion yuan paid for research and development, up 13.3 percent, or 0.5 percent of GDP.

Science and technology scored new advances. Major scientific and technical achievements at the provincial level and above for the country as a whole for the year numbered 26,000. Principal scientific and technical achievements included: front rank of the world in the level of atomic energy operation and processing; the national computer and network facilities (NCFC) made a domestic and international hook-up; 270 new farm crop varieties were developed; a semi-high speed locomotive having a speed of 160 kilometers per hour was developed; and the East Wind Model 4E heavy internal combustion locomotive was developed. The National Natural Science Fund funded 3,537 scientific projects,

spending 310 million yuan. One new major national laboratory was built, 15 national engineering research center were built, six national industrial experimental bases were founded, and 60 national level enterprise technology centers were established. During the year, the government organized completion of 100 technical development projects, technology promotion projects, digestion and assimilation projects, and industrial testing projects. It completed research and development on 17 major technical facilities, and turned them over for use following testing preliminary to acceptance.

Quality testing, construction standardization, patent application, and weather forecasting services saw further improvement. As of the end of the year, the country had 3,000 product quality monitoring agencies, 234 of which were national testing centers. A total of 1,414 national standards of various kinds were formulated or revised during the year. A total of 78,000 domestic and foreign patent applications were received during the year. A total of 1,894 ultra-short wave weather warning system emission stations were set up. Survey and mapping agencies made 67,761 maps of various scales, and published 893 different maps for the public.

Technology markets became more lively. The country signed 212,000 technical contracts worth 22.88 billion yuan for the year. Units taking part in cooperative "production, research, and study" during 1994 numbered 33,997. A total of 12,844 cooperative development projects were established in which 454,000 persons took part.

Various types of educational programs saw new advances. Nationwide, 51,000 graduate students were enrolled, 9,000 more than in 1993. Graduate students numbered 128,000, up 21,000. Students in ordinary colleges as undergraduates or in special courses numbered 900,000, a 2.6-percent decline. There were 2.799 million students in college, a 264,000 increase. Secondary vocational and technical education continued to move ahead. Students in secondary vocational and technical schools of various kinds numbered 8.446 million (including 2.822 million students in skilled workers schools). This was 56 percent of the 15.09 million students in senior middle schools.

Further advances were made in compulsory 9 year education. Junior middle school students nationwide numbered 43.17 million, and primary school students numbered 130 million, or 98.4 percent of primary school age children. The primary school graduation rate rose from 81.8 percent in 1993 to 86.6 percent. The drop-out rate for regular junior middle school and primary school students was 5.11 and 1.85 percent respectively. Middle and primary school teaching conditions continued to improve.

Adult college education developed at high speed. All sorts of technical training courses boomed. Students enrolled in undergraduate and special courses (including enrollments in television universities, correspondence

courses, and nighttime university classes) numbered 1.017 million. This was a 17.9-percent increase over 1993. Adult college students in school totaled 2.352 million, up 26.3 percent. Adults in secondary specialized schools numbered 2.214 million, a 46,000 increase. Adult technical training school trainees numbered 66.25 million. Adult middle and primary school students numbered 7.6215 million. During the year, 4.862 million people became literate.

Cultural programs developed steadily. At the end of the year, the country had 2,681 artistic performing troupes, 2,875 cultural palaces, 2,597 public libraries, 1,140 museums, 3,585 archives, 108 radio broadcasting stations, 748 medium- and short-wave radio broadcasting transmitters and relay stations, 764 television stations, and 1,123 television transmitters and relay stations having a power of 1 kilowatt or more. Television stations reached 83.3 percent of the population. The country had 109,000 film showing units. A total of 148 feature films were made during the year and 213 new films (lengthy films) were released. Films won 16 prizes at international film competitions. A total of 18.67 billion copies of national and provincial newspapers were published during the year, 2.25 billion copies of magazines of all kinds were published, and 5.93 million books were published.

Medical treatment and health care continued to improve. As of the end of 1994, the country had 2.832 million hospital beds, up 1.3 percent from 1993. Professional health care personnel numbered 4.199 million, up 2 percent. This included 1.882 million medical doctors (including 1.425 million doctors of western medicine), up 2.8 percent, and 1.094 nurses and paramedics, up 3.6 percent.

Marked achievements were made in physical education. Chinese athletes won 79 world championships in major domestic and foreign competitions. Twenty-six athletes and four teams set 41 world records in 72 world events; 24 athletes and five teams set 37 Asian records in 44 events; and 73 athletes and 21 teams set 89 national records in 131 events. At the Twelfth Asian Games, Chinese athletes won a gold medal and first place in total number of awards issued. Guided by a national body building plan, mass athletics saw even greater orderly development, 87 percent of students meeting the "national standards for physical training."

9. Demography and the People's Standard of Living

Positive results were scored in planned parenthood work. The birth rate for the year was 17.7 per 1,000, and the death rate was 6.49 per thousand for an 11.21 per thousand natural rate of increase. China's population at the end of the year was 1.1985 billion, a 13,330 million increase over the end of 1993.

Personal income grew steadily. Per-capita income available for expenses of city and town residents for the year was 3,179 yuan, 36 percent higher than for 1993. After

deducting for price increases, the real increase was 8.8 percent. Net per-capita rural income was 1,220 yuan, up 32 percent from 1993. After deducting for price increases, the real increase was 5 percent. However, the income gap widened between one region and another, and between city and country. Real income declined in some cases.

Labor-placement work moved along steadily. The number of vocational placement agencies of various kinds increased to more than 17,000. During the year, 7.15 million people in cities and towns found new jobs. The unemployed in cities and towns at the end of the year numbered 4.8 million, a 2.9-percent unemployment rate. At the end of the year, city and town staff members and workers numbered 151 million, a 2.5 million increase over the end of 1993. Persons employed in city and town privately owned enterprises and the self-employed numbered 13.22 million, up 2.06 million. Persons employed in township and town enterprises numbered 127 million, a 7.22 million increase. Personnel employed in township and village privately owned enterprises, and the self-employed numbered 24.38 million, a 2.42 million increase.

New advances were made in reform of the social security system. Nationwide, more than 95 million staff members and workers had unemployment insurance, more than 80 million staff members and workers in enterprises had basic old-age insurance, and more than 18.5 million separated or retired personnel were members of pooled retirement pension plans. Labor units in all jurisdictions provided unemployment assistance for more than 1.8 million unemployed, and helped 1.06 million staff members and workers find new employment.

Staff member and worker wage levels rose fairly quickly. The wage bill for city and town staff members and workers totaled 665 billion yuan, up 35 percent from 1993. The average wage of staff members and workers was 4,510 yuan, up 34 percent. After deducting for price increases, the real rates of increase were 8 and 7.2 percent respectively.

Living conditions improved for both city and country residents. During the year, 200 million square meters of new housing was built in cities and towns, and in rural villages, 580 million square meters of new housing was built.

Social welfare services improved steadily. As of the end of the year, social welfare institutes nationwide had 940,000 beds and cared for 730,000 people. During the year, social assistance recipients received state assistance 43 million times. Thirty-two percent of townships and towns in the country have set up rural social support networks, and city and town social services networks have also seen considerable development. A total of 101,000 social service facilities have already begun to be set up.

Environmental protection made new advances. As of the end of the year, 85,000 people were employed in the

environmental protection system nationwide, and there were 2,306 environmental monitoring stations, and 34,000 environmental monitoring personnel at all levels. The country had 763 nature preserves, 90 of which were national nature preserves. Nature preserves covered an area of 66.18 million hectares, or 6.3 percent of the country's total area. As of the end of the year, 325 environmental protection standards of various kinds had been enacted. In 647 cities throughout the country, 3,34 dust and smoke control zones had been set up covering an 11,588 square kilometer area. In 573 cities, 1,928 environmental noise standard zones covering a 4,683 square kilometer area were set up. During the year 6,285 environmental pollution clean-up deadline projects requiring an investment of 2.62 billion yuan were completed.

Note: 1. All statistical data in this communique are preliminary, and they do not include Taiwan Province, and the Hong Kong and Macao territories.

2. GDP and added-value norm absolute figures for all industries in this communique are figured at current prices; speed of increase is figured at comparable prices.

Foreign Trade & Investment

500 Largest Foreign Trade Companies Selected **OW1704161295 Beijing XINHUA in English 1550** **GMT 17 Apr 95**

[FBIS Transcribed Text] Guangzhou, April 17 (XINHUA)—China selected its 500 largest import and export enterprises today at the current 77th Guangzhou Export Commodities Fair.

The 500 import and export giants, which were selected jointly by the Ministry of Foreign Trade and Economic Co-operation and the "International Business News" under the ministry, make 50 million U.S. dollars each annually, with the China National Chemicals Import and Export Corporation heading the list by achieving 7.12 billion U.S. dollars-worth of total import and export volume, followed by the China National Cereals, Oils and Foodstuffs Import and Export Corporation.

Those which entered the ring as the ten largest import and export enterprises include the China National Technical Import and Export Corporation, China National Metals and Minerals Import and Export Corporation, China National Textiles Import and Export Corporation, China National Aviation Supplies Corporation, China National Electronics Import and Export Corporation, China National Machinery Import and Export Corporation, China North Industries Group and China Petrochemical International Business Corporation.

China achieved 236.7 billion U.S. dollars-worth of import and export volume in 1994, a growth of 41 billion U.S. dollars-worth over that of the previous year, and making it the 11th largest country in world trade.

Foreign Investment Invited in Three Gorges Area
OW1704135195 Beijing XINHUA in English 1244
GMT 17 Apr 95

[FBIS Transcribed Text] Yichang, April 17 (XINHUA)—Over one thousand factories will be moved out of the Three Gorges area because of construction of the gigantic dam, providing overseas businessmen with a good opportunity for investment.

Within a 632 sq km area the reservoir will cover following construction of the dam, there will be some 1,500 factories engaged in textiles, foodstuff, and building materials production, 80 percent of which are small- and medium-sized enterprises.

According to the Chinese government policy concerning the movement of people of the Three Gorges area, the factories will not be simply moved from one place to another, but will be technologically upgraded, be enlarged in scale, or will change their products.

Dozens of the factories have already been moved according to this plan. It has been revealed that within a short period of time, there will be about 130 such projects in the dam area and another one hundred factories will be technologically upgraded with state approval.

Local government officials have time and again stressed that they welcome overseas investors to take part in the moving and transforming of the factories in the dam area in forms of joint venture, leasing, purchasing and technology transfer or any other means.

China's State Council has approved the setting up of a development zone in the Three Gorges area and has provided it with a series of preferential policies. The local government has also made regulations to attract overseas investment.

Overseas Companies Compete for Three Gorges Bids

OW1704145595 Beijing XINHUA in English 1435
GMT 17 Apr 95

[FBIS Transcribed Text] Wuhan, April 17 (XINHUA)—More and more overseas businessmen are flocking to China, anticipating a share in the Three Gorges Project, which involves a massive dam in the Chang Jiang, China's longest, as indicated by a recent fair in this capital of central China's Hubei Province.

The fair, which specialized in hydropower and construction machinery for the project, was attended by business giants from 14 countries and regions, including the United States, Canada and Russia, as well as more than 70 Chinese enterprises. They included ABB of Switzerland, Caterpillar of the United States and CAE Electronics Ltd of Canada, which are already taking part in the construction of the project and are seeking more business opportunities.

According to a spokesman for the China Three Gorges Project Development Corporation, which sponsored the fair, nearly 100 business contracts and a number of technological exchange agreements were signed and the majority of exhibits were sold out.

Though a late-comer to the Three Gorges Project, Russia organized a large conglomerate consisting of a dozen enterprises for the trade fair. Its enterprises expressed the hope of producing construction facilities specially for the project. The establishment of a joint venture has also been decided upon to repair construction machinery for the project.

Symposium on Economic Special Zones Scheduled
OW1804033895 Beijing XINHUA in English 0252
GMT 18 Apr 95

[FBIS Transcribed Text] Xiamen, April 18 (XINHUA)—More than 100 economists from China and overseas will attend an international symposium on the development of China's Special Economic Zones, which is scheduled for June 29 to July 1, in this southeastern coastal city.

These include a number of prominent Chinese economists who have contributed to the development of China's special economic zones, together with some leading economists from western Europe, North America, and Southeast Asia.

With the approval of the State's Science and Technology Commission, the symposium is sponsored by the Chinese Society for Future Studies (CSFS), the International Strategy Foundation (ISF), and the International Economy Commission, affiliated with CSFS.

It is expected to concentrate on the theme of "Study on the Status, Functions, and Development Trends of China's Special Economic Zones," as the country is opening still wider to the outside and establishes a market economy.

Topics for the symposium include prospects of the economic zones and their functions during the transition to a socialist market economy, as well as the means to promote economic cooperation across the Taiwan Straits, and significance of maintaining prosperity in Hong Kong and Macao.

Zhongshan Private Businesses Export Products
OW1604053895 Beijing XINHUA in English 0158
GMT 16 Apr 95

[FBIS Transcribed Text] Guangzhou, April 16 (XINHUA)—Private technology-intensive enterprises have become an economic pillar in Zhongshan, a city in south China's Guangdong Province.

A total of 88 private businesses, employing about 2,000 people, came out with more than 50 new products, with trade volume hitting 780 million yuan in 1994. Five of

them increased their trade volume to over 100 million yuan each and earned about 20 million US dollars in foreign currency from exports.

As early as 1987, private enterprises gained the same status as State-owned ones in Zhongshan, which established a special office to encourage their growth.

Advanced science developments such as in computers, new materials, refined chemicals, biotechnology, and information, have been produced by these businesses, adding over 380 million yuan to their output value in recent years.

They have also taken on some State or provincial projects, including an electrocardiograph analyzer, computer-controlled high-speed copiers, facsimile protectors, and laser glass.

They have also registered patents for, among other things, a computer invention, electronic ballast, laser glass, and cold rolled reinforcing bars.

Supported by manufacturing, and high-technology and service industries, Zhongshan's enterprises have improved their competitiveness.

For example, a machinery and electrical firm has exported its products to South Africa, Malaysia, Indonesia, the United States, Hong Kong, and other countries and regions.

In cooperation with Japanese businessmen, a computer center has exported a kind of special rubber cap worth about 12 million Hong Kong dollars annually and is selling 13 million yuan worth of them in China.

First Quarter Foreign Trade Hits \$54.82 Billion

OW1704160895 Beijing XINHUA in English 1537
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—China achieved a foreign trade volume of 54.82 billion U.S. dollars-worth in the first three months of this year, an increase of 38.7 percent over the same period of last year, according to China's General Administration of Customs.

Exports and imports during the period stood at 30.95 billion U.S. dollars-worth and 23.87 billion U.S. dollars-worth—respectively, 62 percent and 16.9 percent more than in the same period of last year.

Customs statistics showed that during the period the composition of foreign trade kept on improving.

Exports and imports of the manufactured goods with high added value reached 26.41 billion U.S. dollars-worth and 19.69 billion U.S. dollars-worth, increasing by 68.1 percent and 10.4 percent, respectively.

Meanwhile, exports of general trade items increased by 73.4 percent, reaching 16.43 billion U.S. dollars-worth, while imports shrank by five percent, standing at 7.04 billion U.S. dollars-worth.

Exports and imports from industries processing with supplied materials came to 9.94 billion U.S. dollars-worth and 8.09 billion U.S. dollars-worth, increases of 65 percent and 61.1 percent. And exports and imports from industries processing with supplied material and overseas designs increased by 28.4 percent and 28.9 percent, respectively, reaching 4.01 billion U.S. dollars-worth and 3.17 billion U.S. dollars-worth, respectively.

The trade volume of foreign-funded enterprises was valued at 19.99 billion U.S. dollars-worth, 36.5 percent higher than last year. Among the total, exports and imports increased by 51.3 percent and 27.3 percent, reaching 8.48 billion U.S. dollars-worth and 11.52 billion U.S. dollars-worth, respectively.

The state-owned enterprises achieved a total trade volume of 33.59 billion U.S. dollars-worth, with exports and imports of 22 billion U.S. dollars-worth and 11.59 billion U.S. dollars-worth, increases of 65.2 percent and 6.5 percent, respectively.

Guangdong's export volume was the largest in the country at 12.37 billion U.S. dollars-worth, 50.9 percent higher than last year.

The imports of such provinces as Heilongjiang, Jiangxi, Shaanxi and Hainan shrank during the first quarter of the year.

Japan is the largest trade partner of China, followed by Hong Kong, the United States, the European Union and the Republic of Korea. Their trade volumes with China were 10.9 billion, 10.55 billion, 7.75 billion, 7.66 billion and 3.07 billion U.S. dollars-worth—increases of 33.1, 47.9, 33, 20.4 and 59.9 percent, respectively.

Agriculture

Jiang Chunyun Inspects Guangxi 10-16 Apr

SK1804014895 Beijing XINHUA Domestic Service in Chinese 1854 GMT 16 Apr 95

[By RENMIN RIBAO reporter Luo Changai (5012 2490 5337) and XINHUA reporter Liu Xingze (0491 2502 3419)]

[FBIS Translated Text] Nanning, 16 Apr (XINHUA)—Jiang Chunyun, member of the Political Bureau and member of the Secretariat of the CPC Central Committee and vice premier of the State Council, emphasized recently in his inspection of Guangxi: All localities should conscientiously carry out the spirit of the central economic work meeting as well as the rural work meeting, increase the dynamics of developing agriculture in a comprehensive manner, accelerate the rural areas' opening to the outside world, and promote the overall development of agriculture and the rural economy.

From 10 to 16 April, Jiang Chunyun went to Beihai, Qinzhou, Hechi, and Baise, accompanied by Zhao Fulin, secretary of the Guangxi Zhuang Autonomous Regional

party committee, and Cheng Kejie, chairman of the autonomous regional government, to conduct inspections and investigation on agriculture and the rural economy. He fully affirmed Guangxi's accomplishment in recent years as well as its good results in carrying out the spirit of the central economic work meeting and rural work meeting. Taking into consideration the issues of Guangxi's comprehensive development of agriculture and the mountainous areas' endeavor of shaking off poverty and getting rich, he expressed important opinions. He pointed out: Our state's agriculture has made great headway, however, from a long-term point of view, it shoulders double pressures from the rise in population and the decrease in land. It is imperative to have our feet firmly planted in the comprehensive development of agriculture so we can satisfy the whole society's increasing demands for agricultural products as well as continue to increase the income of peasants. The contents of the comprehensive development of agriculture are plenty, including the betterment of production conditions as well as the ecological environment, the increase in input, and the increase of scientific and technological factors. It is a large-scale systems engineering project consisting of the development and construction of the diversified industries, such as grains, cotton, oil, sugar, forestry and fruit production, animal husbandry, breeding, processing, transporting as well as marketing, and social service. To achieve success in the comprehensive development of agriculture and to turn our resource superiority into economic superiority are linked to the peasants' endeavor of shaking off poverty and getting rich, the modernization drive of rural society, and the overall situation of reform, development, and stability. It is of profound and great meaning. In this issue, it is imperative for us to deepen our understanding, unify our thoughts, upgrade our sense of mission and sense of urgency, strive to make great breakthroughs in the comprehensive development of agriculture within years, and ensure that the agriculture and the rural economy reach a new height.

After talking with the comrades from prefectures, cities, counties, and townships, and listening to the work reports by the party committee and government of the autonomous region, Jiang Chunyun pointed out: Summing up the experiences of Guangxi and all localities, in order to achieve success in the comprehensive development of the agriculture, we should take the demands of the market as guidance, fully utilize local resources, proceed from reality, establish the development-oriented industries, focus on the leading industries to implement the regional layout, develop specialized production, apply enterprise management, and socialize service, so we can produce the products that enjoy brisk marketing, upgrade our competitiveness in the market as well as our comprehensive economic returns, and accelerate the transformation from a traditional agriculture to a modern one. To develop the leading industries, it is imperative to correctly handle the relationship between grains production and the development of forestry and

fruits production. Lands suitable for the growth of grains should be used to grow grains while those suitable for forestry should be used in forestry. The existing lands for grains are not plentiful, and they should not be used for other purposes. No matter what kind of industries we engage ourselves in, we should develop them so that we develop projects and apply enterprise management. We should actively develop the leading enterprises. With the leading enterprises, we can upgrade the bases; while with the bases, we can upgrade the peasant households. By doing this, we can integrate agriculture, industry, and commerce; coordinate production, supply, and marketing; and lead the peasants to enter the market.

Jiang Chunyun made an inspection on the peasant households and the crop fields recently stricken by storms and hails in Baise. In view of Guangxi's situation of being stricken by drought and excessive rain for the past few years, he emphasized that we should improve the construction of water conservancy works, upgrade the production conditions for agriculture as well as the ecological environment, and strengthen our ability to prevent and fight calamities. He held: We should make great efforts to achieve success in retaining, saving, and administering water in a down-to-earth manner, and increase the utility rate of water resources while achieving success in harnessing large rivers. We should depend on grass-roots organizations to mobilize and lead the masses to construct terraced fields, build small-scale irrigation works, plant trees and grass, and conserve water. These are the fundamental measures to strengthen the comprehensive production ability of agriculture, and they are also the significant contents of the comprehensive development of agriculture. We should achieve good results in them with unremitting efforts.

Jiang Chunyun pointed out: Over the past few years, great headway was made in agricultural reform. However, the rural areas fall behind the cities in opening to the outside world, and the primary industry was inferior to the secondary and the tertiary industries. From now on, while deepening reform, rural areas should also open wider to the outside world, attract as well as use more funds, technology, and the advanced managerial experiences from home and abroad, and accelerate the development of rural areas and the rural economy. In building the projects of the comprehensive development of agriculture, we should, as in developing the secondary and the tertiary industries, conduct scientific appraisal, adopt diversified forms, bring in funds from other places of the country and cooperate with foreign firms, and promote foreign investment, including the direct investment of the foreign businessmen and development of compensation trade, management on a shareholding basis, joint-funds management, cooperative management, management on a leasing basis, and transfer of the right to use land.

In Guangxi's northwest mountainous areas, Jiang Chunyun visited the villages and households that were struck by poverty despite the rain. He held: The party Central

Committee and the State Council are very concerned about people's lives in the areas struck by poverty. Most of the areas stricken by poverty are the old revolutionary base areas and the minority nationality areas. The end of this century will mark 50 years since the foundation of our country. We won't have any excuses if we still cannot provide the masses in these areas with sufficient food and clothing. It is imperative to take a further step to strengthen the senses of responsibility and urgency, and increase the dynamics to the development projects designed to support the poor. We should show concern, use our brain, and make real efforts. Both the central and local authorities should increase the input of supporting the poor. However, peasants are the mainstay of the endeavor of shaking off poverty and getting rich. We should fully mobilize the initiative of the broad masses of peasants and rely on their efforts to pioneer new undertakings through arduous efforts. People engaged in all kinds of trades should adopt diversified forms to assist the areas struck by poverty to win the battle of supporting the poor and developing.

Jiang Chunyun went deep down to crop fields in Guangxi on many occasions to inspect the situation in spring plowing and to listen to the opinions of peasants. He emphasized: The key to reaping a bumper harvest in agriculture is to achieve success in spring plowing. Currently, we should make efforts to ensure the crops of areas sown with grains, cotton, and sugar-bearing crops. In the southern part, we should expand acreage for early rice as much as possible, transplant seedlings in a timely manner, and strengthen management. In northern areas, we should do a good job in fighting against drought and handling wheat field management. We should attach importance to and achieve success in technological service, popularize good varieties and advanced technology, ensure the quality of spring plowing, and increase the per-unit area yields of grains and cotton. We should well organize the supply of the means of production, such as chemical fertilizer, pesticides, and seeds. All localities should organize and send a large group of cadres to the forefront of agricultural production to decide on the acreage to be sown, to provide technology and measures, and to resolve the specific problems which affect spring plowing.

The comrades in charge from the relevant departments of the party Central Committee and the State Council also joined the inspection and investigation and study activities.

Tian Jiyun Warns Against Taking Grain as Key
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SHE in Chinese 0847 GMT 15 Apr 95

[By reporter Wang Min (3769 2549): "Tian Jiyun Says Zhujiang Delta Should Not Take the Road of 'Taking Grain as the Key, Felling all Trees' for the Sake of Agricultural Development"—ZHONGGUO TONGXUN SHE headline]

[FBIS Translated Text] Shenzhen, 15 Apr (ZHONGGUO TONGXUN SHE)—During an inspection tour of Shenzhen 7-14 April, Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice chairman of the National People's Congress Standing Committee, said: The Zhujiang Delta must not take the road of "taking grain as the key, and felling all trees" for the sake of its agricultural development.

Tian Jiyun said: In the final analysis, agricultural development depends on policy first, on science and technology second, and on investment third. The whole set of policies gradually formulated since reform and opening up, including the system of contracted responsibilities on a household basis with remuneration linked to output, which has been implemented in rural areas, must not be changed so recklessly unless conditions mature. Only when secondary and tertiary industries are comparatively developed, and when the rural work force is shifting in large quantities, can large-scale operations be possible. Never start large-scale operations all at the same time, nor excessively boost their growth. We must not grow only a single crop now. It is not conducive to the country and the people if we develop one-crop farming. The Zhujiang Delta must not remove everything else. It must no longer continue the road of "taking grain as the key and felling all trees" because that is a dead end. Grain shortages can be resolved by two markets: The domestic market and the overseas market. Our policy is never to slacken efforts in grain production and to actively develop a diversified economy. It is necessary to guide and develop agricultural production with a policy that conforms with the law of value, and to use policies to stimulate peasants' incentive to grow crops. Administrative means alone are not enough. Administrative means, which conflict with the law of value, will dampen peasants' incentive. We should guide peasants through the market. We must depend on science and technology for agricultural development. Moreover, we must develop science and technology by means of a market economy. This is the only correct road.

Tian Jiyun Speaks on Agriculture Policy
HK1804085895 Hong Kong TA KUNG PAO in Chinese
15 Apr 95 p 16

["Special dispatch": "Tian Jiyun Inspects Shenzhen, Says Policy Allowing Some Areas, People To Become Well-Off Before Others Should Not Be Changed"]

[FBIS Translated Text] Shenzhen, 14 Apr (TA KUNG PAO)—Accompanied by Lin Botang, vice chairman of the Guangdong People's Congress Standing Committee, Tian Jiyun, member of the CPC Central Committee's Political Bureau and vice chairman of the National People's Congress [NPC] Standing Committee, inspected the Shenzhen Special Economic Zone 7-10 April.

While in Shenzhen, Tian Jiyun listened to the accounts by Shenzhen leaders concerning their work, and held

talks on people's congress work with officials of the Shenzhen People's Congress Standing Committee. Accompanied by Li Youwei, party secretary and mayor of Shenzhen, and Li Haidong, chairman of the Shenzhen People's Congress Standing Committee, Tian Jiyun visited the city's scientific and technological industrial park, its agricultural science and technological center, Nanling village, and Yantian port.

In the final analysis, Tian said, we should rely on policies, science and technology, and input to develop agriculture. Since reform and opening up, we gradually have developed a full set of basic policies, which include the implementation in the rural areas of the contract responsibility system on a household basis with remuneration linked to output. No changes should be made when conditions are not yet ripe. Economies of scale are possible only under conditions of relatively developed secondary and tertiary industries, and when the rural labor is transferred. We should never try to rush headlong into mass action, or spoil things by excessive enthusiasm. We should no longer develop a unitary agriculture, which benefits neither the state nor the peasants. The Zhujiang delta should not get rid of diverse economies, nor should it follow the road of "cutting all trees and taking grain as the key link." This road will lead nowhere. Grain shortages can be resolved through the domestic and foreign markets. Never slackening our efforts to grasp grain production and vigorously developing a diverse economy should continue to be our policies. We should apply policies conforming to the law of value to guide agricultural production, and should rely on policies to arouse peasants' enthusiasm for production. We cannot rely on simple administrative methods, as methods that go against the law of value will dampen peasants' enthusiasm. We should guide the peasants through the market. It is necessary to rely on science and technology to develop agriculture, and to apply market economy means to boost science and technology. This is the only correct road.

After listening to an account of the tremendous changes carried out in Nanling village since the introduction of reform and opening up, Tian Jiyun said: You have witnessed enormous changes compared with the past. Compared with the developed countries, however, you still have a long way to go. The situation will turn for the better after changes are carried out in the future. We should encourage those who have become rich before others to adopt various means to help and lead the poor onto the road toward prosperity. With pleasure, Tian Jiyun wrote the inscription: "Socialist New Nanling" for Nanling village.

Banks Increase Loans To Support Agriculture

OW1704140695 Beijing XINHUA in English 1354
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[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—Branches of the Agricultural Bank of China (ABC) and credit associations nationwide have provided a total of

60.4 billion yuan (about 7.19 billion US dollars) in loans in the first three months of this year to support agriculture.

This figure, according to an official with the ABC, is 40 percent more than last year's figure for the same period.

Although adhering continuously to the tight money policy, the central government has decided to increase investment in agriculture this year, the official said.

Official statistics showed that the amount of agricultural loans offered by branches of the ABC in the provinces of Heilongjiang, Jilin, Liaoning, Shandong, Hubei, Hunan and Guangdong and Xinjiang Uygur Autonomous Region account for more than 50 percent of the total.

Most of the loans will be used to support the country's basic agricultural production, including the production of grain, cotton and oil, and the "market basket" program.

Meanwhile, local banks and credit associations have also increased commercial loans to support the production of agricultural means of production.

"Although the loans have basically met the demand of agricultural production, the demand for agricultural loans will rise further in the near future," said the ABC official. "The prices of agricultural means of production have risen, and farmers' confidence in investing in agriculture has resumed greatly in the past few years."

XINHUA Reports on Shandong Vegetable Production

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GMT 18 Apr 95

[FBIS Transcribed Text] Jinan, April 18 (XINHUA)—Last year, the area allocated for vegetable-growing in Shandong Province, east China, reached more than 770,000 ha and yielded a total of 33.6 million tons.

The two figures accounted for 10 and 13 percent of the national total, respectively, both ranking first in China. At present, the province's vegetable industry has surpassed 15 billion yuan in value, more than that of cotton and fruit, and second only to grain production.

Shandong, which is situated in a warm temperate zone, has been referred to as one of the world's three largest vegetable producers, along with California in the United States, and Ukraine in the former Soviet Union.

Since the 1990s, the province has changed its agricultural structure to give priority to vegetable production. At present, the ratio of grain growing areas to those for cash crops has shifted from 9:1 to 7:3. The vegetable growing area alone increased by some 330,000 ha. In a dozen counties vegetables have become a major source of farmers' income.

The rapidly expanding vegetable industry is related to better marketing. Some 500 vegetable wholesale markets

have been built in the province, and the number of vegetable traders has reached 600,000.

This has had a direct impact on the vegetable markets in Shanghai, Beijing, Hangzhou, and Nanjing. Last year, about 12 million tons of fresh and processed vegetables were sold to 350 cities in China and over 20 countries and regions, accounting for 40 percent of the province's total produce.

Paper Reports Hog, Pork Prices in February
95CE0357J Beijing ZHONGGUO WUZI BAO in Chinese 21 Mar 95 p 2

[FBIS Summary] According to statistics from 27 major hog-raising counties in nine provinces, in February the average procurement price of hogs was 3.85 yuan per 500 grams, a decline of 0.21 yuan from January, but an

increase of 1.35 yuan over the same period in 1994. The market sales price was 3.92 yuan, a decline of 0.19 yuan from January, but an increase of 1.46 yuan over the same period in 1994. The retail price of pork in state-run stores was 6.00 yuan, a drop of 0.16 yuan from January, but an increase of 2.18 yuan over the same period in 1994. The market price was 6.08 yuan, a drop of 0.08 yuan from January, but an increase of 2.28 yuan over the same period in 1994.

In February, the average procurement price for eggs was 3.52 yuan, an increase of 0.16 yuan over January, and an increase of 0.86 yuan over the same period in 1994. The retail price in state-run stores was 3.31 yuan, the same level as January, and an increase of 0.41 yuan over the same period in 1994. The market price was 3.62 yuan, a slight increase over January, and an increase of 0.80 yuan over the same period in 1994.

East Region**Shandong Socioeconomic Development Report**

SK1404060495 Jinan DAZHONG RIBAO in Chinese 1
Mar 95 p 2

[Report on the implementation of Shandong Province's 1994 plan for national economic and social development and on the draft of the 1995 plan, delivered by Lin Shuxiang, director of the provincial planning commission, at the third session of the eighth provincial people's congress on 18 February]

[FBIS Translated Text] Fellow deputies:

Entrusted by the provincial government, I submit a report on the implementation of the 1994 plan for national economic and social development and on the arrangements for the 1995 draft plan to the session for examination and discussions and also solicit opinions from all members of the provincial government as well as nonvoting delegates.

1. The 1994 Economic and Social Development Situation

In 1994, the people from higher levels downward across the province conscientiously carried out the guidelines of the third and fourth plenary sessions of the 14th party Central Committee; firmly grasped the major task of "grasping favorable opportunities, deepening reform, expanding the scale of opening up, promoting development, and maintaining stability;" accurately handled the relationship among reform, development and stability; positively promoted reform in various spheres; strengthened and improved macroeconomic control; and deeply launched the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures. The situation in implementing the economic and social development plan, as approved at the second plenary session of the eighth provincial people's congress, was good. When the price index and cotton output were excluded, the rest major targets were fulfilled or overfulfilled.

A faster economic growth rate was maintained. The gross domestic product came to 387.2 billion yuan in 1994, an increase of 16.2 percent over 1993. Of this, the output value of the primary industry was 77.5 billion yuan, up 7.3 percent; that of the secondary industry was 190 billion yuan, up 18 percent; and that of the tertiary industry was 119.7 billion yuan, up 20.1 percent. The province reaped bumper agricultural harvests, and the rural economy comprehensively developed. The total grain output reached 40.91 million tonnes, a drop of 90,000 tonnes from 1993; the total cotton output was 559,000 tonnes, up 36.3 percent; and the output of oil-bearing crops totaled 3.383 million tonnes, up 26 percent. The output of meat and aquatic products increased by 31 percent and 9.8 percent, respectively. Coordination between output and marketing of industrial products tended to be better. The industrial added

value totaled 170 billion yuan, up 19.4 percent. The marketing rate of the industrial products made by the enterprises at or above the township level came to 96.8 percent and the profits and taxes realized by these enterprises increased by 48.8 percent. The output value of the tertiary industry accounted for 30.9 percent of the gross domestic product.

Key headway was made in various reforms. The revenue-sharing system was established. The new tax system dominated by value added taxes was operating normally. Specialized banks separated policy-lending banking from commercial banking in a step-by-step manner, and a group of state bank branches and local monetary organizations were established. The foreign exchange control system was reformed steadily, and an integrated and standardized foreign exchange management system was carried out smoothly. Rights to management of investment were reasonably divided between various levels, and main investors were further defined. Enterprise reform was further deepened, and the corporate system was carried out well. The enterprises that had carried out on a trial basis the modern enterprise system accomplished their property and capital reassessment tasks and entered the stage of blazing new trails. Appropriate headway was made in reforming the social security system and the circulation system.

New achievements were made in macroeconomic control. The trend that the investment in fixed assets excessively increased was brought under control, the investment structure was improved, the increase in investment was reduced by 24.7 percentage points, and the total scale of new projects was reduced by 23.3 percent. The ability in monetary regulation and control was strengthened and the monetary order was further improved. Various savings deposits increased by 71.55 billion yuan or 39.6 percent and loans increased by 46.27 billion yuan or 22.5 percent. The province basically struck a balance between savings deposits and loans for the first time. Tax collection and management was strengthened. Local revenues reached 13.33 billion yuan, up 32.1 percent. All levels made efforts to increase effective supply and to supervise and manage goods prices and played a positive role in controlling excessive price hikes.

The trend of opening the province to the outside world was good. The total import and export value came to \$10.84 billion. Of this, the export value was \$7.08 billion, up 18.5 percent. The export by city- and prefectural-run enterprises, the enterprises with export management rights, and three types of foreign-funded enterprises continued to increase at a faster speed and accounted for 59 percent of the province's total. A total of \$3.4 billion foreign capital were really used during the year, up 50.5 percent. Of this, loans granted by foreign governments and international monetary organizations came to \$250 million, those by international commercial banks came to \$130 million, stocks issued out of the border totaled \$430 million, and direct foreign investment was \$2.59 billion. New headway was made in exporting laborers and undertaking overseas projects.

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The construction of key projects was further strengthened. The investment in fixed assets of the entire society totaled 110.36 billion yuan, up 23.7 percent, and that in fixed assets of state-owned units, 61.11 billion yuan, up 28.3 percent. The situation in putting capital for key projects in place was better than the previous years. The key projects that were basically completed and put into operation included Weifang powerplant, Weihai powerplant, the second-phase project of Dezhou powerplant, the Yantai-Weihai highway, the Jiaozhou-Huangdao railway line, the reconstruction of the new Jinan passenger station, the first-phase expansion project of Laiwu steel works, and the second-phase project of the Lunan chemical fertilizer plant. Technological transformation progressed at a faster speed. Sixty-eight of the 100 key technological transformation projects were basically completed. Power generation units with a capacity of 860,000 kw were newly added. The highway service mileage reached 4,192 km, the railway service mileage reached 43 km, the port carrying capacity reached 8.67 million tonnes, and there were 1.07 million program-controlled telephone lines and 23,000 long-distance telephone circuits.

New development was made in social undertakings. A total of 4,230 planned scientific and technological items with an investment of 940 million yuan were arranged, and 3,113 key scientific research findings were achieved. Educational quality and school-running efficiency were newly improved. The enrollment in the ordinary institutions of higher learning subordinate to the province came to 39,400 and that in secondary specialized schools, 80,700. By paying attention to environmental protection, the province comprehensively administered 83 river basins and fixed time limits to administer 365 river basins. Family planning was strengthened and the natural population growth rate reached 3.02 per thousand. New development was made in press and publications, radio and television, and medical and public health undertakings.

The people's livelihood was further improved. The value of retail sales of consumer goods totaled 113.24 billion yuan, up 34.4 percent. The urban living standards were newly upgraded. The rural consumer goods markets developed at a faster speed. The savings deposits of urban and rural dwellers increased by 48.21 billion yuan over the figure at the beginning of the year. The urbanites' per capita income for living expenses reached 31.99 yuan and the per capita net income of the peasants reached 1,320 yuan, respectively, up 9.1 percent and 8.6 percent when factors for price hikes were deducted.

Fellow deputies: Fundamentally speaking, the province's achievements in economic and social development in 1994 resulted from the accurate leadership of the party Central Committee and the State Council and the concerted efforts of the people under the guidance of the governments at various levels that were supervised and supported by the people's congresses at various levels and their standing committees.

Simultaneously, we should also notice that some contradictions in economic structures and mechanisms have not fundamentally been resolved yet. The indicators for prominent economic problems included: First, price hikes remained high. The retail sale prices increased by 20.6 percent during the year and the residents' consumer goods prices rose by 23.4 percent, greatly surpassing the planned targets. Particularly, the prices of daily necessities, including foodstuffs, rose by a big margin. The real living standards of the urban and rural households with low incomes went down. This became the focus that all social fronts were paying attention to. Second, the role of agriculture as the foundation of the national economy was not stable. There was no sufficient input in agriculture. The infrastructure facilities, such as water conservation projects, were comparatively weak. The prices of agricultural capital goods, such as chemical fertilizers, rose by a big margin. Following the readjustment of grain and cotton prices, the benefits from planting grain and cotton increased but the comparative effectiveness was still low. Thus, the peasants' production enthusiasm was affected. Agriculture was still a weak link in the national economy. Third, the economic results were not ideal enough. Our province's economic structure, product mix, and enterprise organizational structure were not reasonable; key industries did not have noticeable advantages; and the standing of products was comparatively low. A considerable number of state-owned enterprises did not have high management levels, were rather slow in changing their mechanisms, and bore heavy historical burdens and debts. Some 25.1 percent of the local state-owned industrial enterprises suffered losses. Fourth, the quality of economic operation was not high. More funds were tied up by enterprises, the debt chains between enterprises were sharpening, and the turnover of capital became slower.

Problems emerged due to the coexistence of higher economic growth rate and bigger financial difficulties, of more new loans and the strain on the enterprises capital, and of excessive investment in ongoing projects and the shortage of funds for key projects. Under the situation that the dynamics of state macroeconomic control was expanded, the strains on the enterprises working funds and local construction projects became more prominent. Some of the aforementioned problems could not be avoided in the system reform period. However, some of them resulted from our failure in work. We will realistically adopt effective measures to conscientiously resolve them.

2. The 1995 Economic Trend and the 1995 Economic Targets

The year 1995 marks the last year to comprehensively fulfill the Eighth Five-Year Plan as well as a key year to deepen and perfect reform. Accurately grasping the economic trend and arranging the national economic and social development plan is of great importance to promoting reform, opening up, and economic development and smoothly implementing the Ninth Five-Year Plan.

The 1995 general economic trend is to continuously improve the economic environment on the premise of carrying out the policy on appropriately tightening finance and credits. The continuous improvement of the reform in the macroeconomic spheres and the further deepening of the enterprise reform will help create good conditions for ensuring a sustained economic growth rate. With the great pressure created by inflation, the state has adopted the policy on appropriately tightening finance and credit; and the increase in the state-planned investment in fixed assets will be kept within 10 percent and the newly added credit scale will increase by 18 percent, both less than the growth rates in the previous three years. Strains on construction funds and working funds will emerge. Changes in the demand structure will take place and market restrictions will be enhanced. Due to the big fall in investment growth rate, the real work load will not increase greatly this year. Investment's functions for activating the economy will be weakened. The peasants' income will increase greatly. Rural markets will enhance their functions for activating the economy. Most of the urban staff members and workers will increase their income. However, due to the increasingly more factors for division of purchasing powers, a stable growth trend will appear on the consumer goods markets. The further expansion of the international market capacity will be conducive to the increase in export. However, along with the weakening of the efficiency from the implementation of the integrated and standardized foreign exchange management system, market competition will sharpen. Although there are more favorable factors for the control of inflation, the tasks are still considerably arduous. When all levels regard the control over inflation as the primary task for macroeconomic regulation and control, it will be conducive to controlling the excessive price hikes. Great influence has been brought about by last year's price hikes. The pressure caused by the readjustment of the price structure and the production cost increase, due to the production factors being subject to the market, will continuously be released. There is no effective mechanism for controlling the excessive increase in consumption funds, the circulation order and the price behaviors are not standardized, and, particularly, there is no effective supply of major agricultural products. All these are still difficult points for controlling price hikes. Conditions for supporting economic development have improved. It is still difficult, however, to alleviate some restrictions. The province's electricity production volume will increase, as well as coal production and imports. Communication and transportation conditions, such as highways, have improved. However, there is still strain on the power supply. The great pressure on key railway lines and the railway sections under certain restrictions affect the transportation of key materials, such as coal.

According to the basic analysis of the economic trend, the general requirements for the 1995 plan are to accurately handle the relationship among reform, development, and stability; to take the improvement of economic results as a key link; to deepen reform; to intensify

the role of agriculture as the foundation of the national economy; to accelerate the structural readjustment; to promote technological progress; to intensify and improve macroeconomic regulation and control; to effectively control inflation; to strive to upgrade the overall economic quality and the economic operational quality; and to promote a sustained, fast, and sound development of the national economy and an overall progress of society. The major planned targets are arranged as follows:

A. Economic growth rate. The state plans to increase its gross domestic product by 8 to 9 percent this year. Our province arranges to increase 10 percent. Of this, the output value of the primary industry should increase 5 percent; that of the secondary industry, 12 percent; and that of the tertiary industry, 13 percent. In making this arrangement, our province still leaves some space in order to guide all fronts to concentrate energy to readjust structures and increase economic results.

B. Investment in fixed assets. Investment in fixed assets of the whole society is planned to increase 15 percent, 5 percentage points higher than the state-fixed target. The province has taken into consideration the greater scale of ongoing projects and the need to start the construction of the key projects for optimizing the industrial structures. The rate of investment in this regard accounts for less than 30 percent of the total and is 5 percentage points lower than the national figure.

C. Retail sale price index. Last year's retail sale price hikes affected this year's retail prices by 8 percentage points. The state will not work out new price regulation measures in the first half of this year. Due to the prominent contradictions in railway and electricity prices and some prices under the province's management, some price regulation measures will possibly be arranged in the latter half of the year. This aspect will affect prices by two percentage points. We should control spontaneous price hikes within 5 percentage points and strive to control the entire society's price hikes within 15 percent.

D. Finance and Banking. The state arranges to increase 9 percent of revenues. By taking into consideration our province's financial situation and the need to ensure wages and the development of undertakings, local revenues are planned to increase 10 percent. According to the state arrangements and our provincial demands, savings deposits and loans are planned to increase 23 percent and 18 percent, respectively.

Other major targets: The added value of the industries at or above the township level should increase 12 percent, their profits and taxes should increase 16 percent, and their product sale rate should reach 96 percent. The total import and export value should increase 18 percent, of which the export value should increase 16 percent. The amounts of foreign capital really used should increase by 25 percent. The total value of retail sales of consumer goods should increase 23 percent, the urbanites' income

for living expenses and the peasants' per capita net income should increase 20 percent, and the population natural growth rate should be controlled within 6 per thousand.

3. We Should Intensify Agriculture's Role as the Foundation of the National Economy and Strive To Increase the Supply of Farm Products and the Peasants' Income

The stable increase in agriculture bears on the overall situation of economic development and social stability. We should put agriculture at the fore of economic work. Grain sown areas are arranged at 119 million mu and the total grain output, 40 million tonnes. Cotton sown areas are arranged at 17 million mu and the total cotton output, 850,000 tonnes. The total peanut output should come to 3 million tonnes and the peasants' per capita net income should increase by more than 260 yuan. According to statistics, the wheat sown areas are more than 1.9 million mu less than the areas with wheat harvests in 1994, only some 15.5 million mu are left for open ground and for interplanting, and the areas on which the peasants intend to grow cotton will be reduced by more than 2 million mu. The task for fulfilling grain and cotton production targets is considerably arduous. We must adopt overall measures to further give priorities to agriculture in the aspects of capital, policies, science and technology, goods and materials, and infrastructure facilities; strive to ensure a continuous and stable increase in the output of major agricultural products; comprehensively enhance the rural economy; and increase the peasants' income by a big margin.

We should try every possible means to increase the input to agriculture. The input to agricultural capital construction is arranged at 2.7 billion yuan, up 300 million yuan over the previous year. Of this, that to agricultural development should reach 710 million yuan and 8 million yuan should be used to support the counties which are large in terms of grain and cotton production as well as highly efficient agricultural experiment zones. We should regard the increase in use of foreign capital as an important way for increasing the input to agriculture and strive to use \$63 million foreign capital, up 36.6 percent. There must be increases in aid-agriculture capital and bank loans for supporting agriculture. Taxes from occupation of cultivated areas should be used to restore and reclaim farmland and to develop agriculture. Earnings from paid use of land should be spent on agriculture. We should strive to upgrade the investment in agriculture to a reasonable level.

It is necessary to intensify the support and protection of agriculture. We should attend to the legal implementation of the system under which farmland is basically protected, and should pay attention to protecting farmland and agricultural resources. No one is allowed to arbitrarily occupy farmland. The phenomena of leaving farmland uncultivated should resolutely be corrected. The production, import, and supply of chemical fertilizers, farm chemicals, and plastic sheds should be well

organized. We should support aid-agriculture industries in the aspects of capital, power, and transportation so as to have these industries go full steam ahead and have full production capacity. Enterprises must hand over to the province fixed amounts of goods. We should conscientiously implement policies on specialized management of agricultural capital goods and on limiting the prices for agricultural capital goods. The socialized service system focusing on science and technology should be perfected.

The industrialization of agriculture and the rural economy should be promoted. According to the requirements for production-supply-marketing, trade-industry-agriculture, and cropping-breeding-processing coordination, we should proceed from different local conditions and special features to develop famous-brand quality products, to develop pillar industries and management of appropriate scales, and to promote the economic development of agricultural areas. In the forms of reconstruction, new construction, and cooperation, we should forcefully cultivate a group of leading enterprises with great processing capacity and powerful functions for amalgamation and cooperation as well as promote an integrated management. We should vigorously develop bases for production and export of commodity grain, cotton, and famous-brand quality fruits. It is necessary to effectively build Yantai and Qingdao high-efficient agricultural experimental zones and 67 counties with larger amounts of grain and cotton production. The two projects spanning this century and the next, such as the development of the Huang He Delta and the construction of on-the-sea Shandong, should be built at a faster speed. We should achieve the development of the Huang-Huai-Hai Plain and the projects for helping the poor make development and strive to make new headway in improving overall efficiency. The construction of agricultural infrastructure facilities focusing on water conservancy projects should be achieved. We should collect water conservancy construction funds in a timely manner, make good management and use of the funds, and positively and steadily promote the commercialization of water supply. With the focus on enhancing the overall disaster-combating capacity and water-supply capacity, we should attend to the construction of the projects for diverting the Yi He, Shu He, and Si He water to eastern and southern areas as well as the administering of the Zhushui He, Zhao He, and Xin He courses. We should attend to the pre-phase projects for administering the Dongyu He and Majia He courses; strive to start the project for administering the Tuhai He course; accelerate the pace of promoting key state projects to administer dangerous reservoirs, namely the Andi, Nishan, and Yanma; start a group of projects for reinforcing medium-sized reservoirs and eliminating their dangerousness; arrange the construction of a group of reservoirs along the Huang He Plain; and achieve the overall improvement of small valleys. We should strive to start

the project for diverting the Huang He water to Pengji and Loude so as to alleviate Liaocheng's western areas' strain on the water supply.

We should positively enhance the scale, standing, and level of town and township enterprises. The areas where town and township enterprises are comparatively well developed should promote development by encouraging the organization of enterprise groups and carrying out amalgamation and cooperation so as to increase economic results by enhancing the enterprise scale; should promote their economy through development of export-oriented economy and by importing capital and technology so as to expand the scale of export and create more foreign exchange; and should promote development by developing science and technology so as to promote technological progress and improve the overall quality. It is necessary to encourage and support the development of western areas' town and township enterprises. Town and township enterprises in the western areas should develop the intensive processing of farm products, coordinate their production with that of large enterprises, help promote the cooperation between the eastern and western areas, and further widen the ways for development. We should persistently make a unified plan, achieve the construction of small towns, and strive to have 1 million agricultural laborers engage in the production of other sectors.

4. We Should Adopt Overall Improvement Measures To Control Excessively Rapid Price Hikes

Controlling inflation should be regarded as the primary target for macroeconomic control. We should make overall improvement and put the focus on ensuring the production and purchasing of farm products, the supply of daily necessities, and market stability.

We should make efforts to increase the supply of daily necessities and make good arrangements for the livelihood of urban and rural people. We should grasp the production and supply of farm products and attend to the vegetable basket project. It is necessary to increase the purchasing of grain and oil at negotiated prices and major farm products and to have more grain, oil, and major farm products kept in stock. Large and medium-sized cities should concentrate their energy to build a group of large agricultural product wholesale markets where refrigeration, processing, and marketing are well coordinated, extend these markets to bases, reduce intermediate links, and regulate supply and demand. We should strive to maintain the stability of the economy and help enterprises increase economic results and the peasants increase their income. We should make appropriate living arrangements for retired personnel, the staff members and workers of the enterprises with special difficulties, and the disaster-hit people; and enhance the capability of all fronts for bearing the price hikes.

We should make strict restrictions on new price regulation measures and realistically strengthen price supervision and management. No new price regulation measures will be worked out in the first half of the year. Price

reform priorities should be put on standardizing the price order and perfecting the price regulation and control system. Focusing on consolidating the circulation of six commodities, such as grain, cotton, oil, meat, vegetables, and chemical fertilizers, we should deepen the reform of the circulation system and stabilize the prices of basic daily necessities, basic service items, and major agricultural capital goods. We should strengthen price supervision and examination; strictly carry out the system of reporting for records on any price regulations; strictly supervise and control the prices of the key trades, such as power, oil product, railway, and highway fronts; and eliminate the phenomena of making up various excuses to arbitrarily collect funds. We should firmly attend to working out price management regulations and deal strict blows to such law-breaking activities of making fake and shoddy commodities, manipulating markets, rushing to raise goods prices, and reaping staggering profits.

We should achieve the storage of key commodities and enhance the governments' regulation and control ability. We should perfect the funds for taking risks for the production of grain and the funds for regulating the prices of foodstuffs, carry out the key commodity storage system, and organize the allocation and supply of the commodities which are in short supply across the province. In line with the principle for separating policy-based management from commercial management, state and cooperative commercial enterprises should play a role as the main channels for distributing the key commodities which are related to the national economy and the people's livelihood, and timely regulate the market supply. We should strictly control the excessively rapid increase in consumption funds. Administrative units and institutions should strictly enforce wage reform plans and must not arbitrarily raise standards. Enterprises should strictly carry out the policies and regulations on linking wage bills with work efficiency and ensure that distribution does not exceed the enterprises' efficiency. The institutions' consumption should strictly be controlled. Activities of engaging in high consumption with public funds and diverting public funds for private use must be banned.

5. We Should Readjust Structures, Increase Efficiency, and Further Improve the Overall Enterprise Quality

Our province's aggregate economic value has preliminarily taken shape. However, the overall economic quality is not high enough. Although our province has quite a large number of enterprises, there are only a few large enterprise groups of appropriate scale. By linking reform with reorganization, transformation, and management, we should deeply conduct the yearly campaign of structure, management, and efficiency; and make efforts to increase efficiency by optimizing structures, managing at an appropriate scale, and making scientific and technological progress.

We should deepen enterprise reform and make new progress in setting up the modern enterprise system.

According to the requirements for clearly defining property rights, defining rights and responsibility, separating government functions from enterprise management, and stressing scientific management, we should carry out the modern enterprise system among 50 enterprises on a trial basis. We should comprehensively reassess the property and capital of state-owned enterprises. According to the "corporate law," we should transform large and medium-sized enterprises in a standardized way with the focus on blazing new trails in systems and changing managerial mechanisms. We should positively encourage the flow and reorganization of state-owned stock rights and develop companies with various mixed shareholding systems. On the basis of guaranteeing and adding the value of state assets, we should accelerate the pace of reforming small state-owned enterprises in the forms of contract, leasing, and auction. A small number of enterprises whose assets cannot cover their debts and that are hopeless in halting deficits should declare bankruptcy according to the laws. On the premise of ensuring the safety in banking property and taking into unified consideration the financial bearing capacity, we should positively lighten the enterprises' historical burdens and debts. Enterprise management should be divorced from the management of the organizations whose establishment is undertaken by enterprises as well as the management of their personnel. We should conscientiously implement "supervision and management regulations" and improve efficiency from operation of state-owned property. We should further coordinate with and perfect the reforms in the macroeconomic spheres, accelerate the implementation of the social guarantee system with the focus on unemployment and old-age insurance, and create good environments and conditions for deepening enterprise reform.

We should readjust and optimize the product mix and make new headway in pioneering urban and rural markets. The structure of products that belong to the category of investment should be readjusted to suit market demands. The basic raw material industrial enterprises should persistently define production according to market demands and vigorously increase the proportion of readily marketable products and high-quality products. Machinery and electronic industrial enterprises should accelerate the development of such new information items as communication equipment and computers so as to promote the integration of machinery and electronic equipment. Products that belong to the category of consumption should be developed along with the orientation of good quality, high level, and diversification. Light industrial enterprises should increase the proportion of famous-brand products, high-quality products, and products with competitiveness; and improve products' quality, standing, and added value. Textile industrial enterprises should limit production, reduce spindle output, and conduct transformation in an effort to grasp the development of chemical fibers and clothes.

Enterprises should be guided to intensify market management and sales, perfect market networks, and intensify the dynamics of pioneering the rural markets. We should vigorously popularize industry-commerce integrated and direct sales, general agencies, and general consignors; and positively pioneer markets outside the province.

We should expand the dynamics of technological transformation and make new headway in developing famous-brand and good-quality products. We should accelerate the pace of technological transformation in line with the strategy for making famous-brand products and attaching prominent importance to transformation, large-scale efficiency, and new high-technology. We should adopt various forms and pioneer various channels to collect funds for technological transformation. Bank credits, extrabudgetary funds, the funds owned by enterprises themselves, and foreign capital should be geared towards technological transformation. We should carry out intensive input; concentrate energy to develop 100 key technological transformation projects and a group of products with competitiveness; and strive to make great breakthroughs in developing such products with competitiveness as Qingdao Haier energy-saving, fluorine-free refrigerators, Weihai Beiyang facsimile machines, 5 million sets of Zibo Lanyan jeans, 300,000 Jinan-made washing machines, and 1 million motorcycles.

We should encourage enterprises' reorganization, amalgamation, and cooperation; and make new headway in developing enterprise groups. It is necessary to organize a large number of enterprise groups led by key enterprises with famous-brand products in household-use electrical equipment, petrochemical industry, engineering machinery, computer, motorcycle, iron and steel, chemical fiber, and medicine, machine tool, and rubber production spheres. In line with the development experiences gained by general foreign corporations and transnational companies, we should come up with a unified plan for developing new export products and marketing export products and should expand famous-brand products' economic lot size. We should strengthen overall coordination; eliminate the barriers between different regions and between different departments and with ownership restrictions; solve the problems concerning property management, planning, financial and taxation, and credit systems; and give priorities to investment, flotation of loans, imports and exports, and listing of stocks.

We should intensify enterprise management and make new headway in increasing economic results. At present, poor management and tied up funds are prominent factors affecting the current economic results. Some 33.7 billion yuan of money have been tied up by the finished products of the industrial enterprises at or above the township level. Enterprises should be guided to change mechanisms, grasp management, increase economic results, and deeply conduct the campaign of increasing

production, practicing economy, increasing revenues, and reducing expenditures. We should strengthen the construction of leading enterprise bodies and set up strictly responsibility and assessment systems. We should take the enlivening of the existing capital as the focus of intensifying management; realistically strengthen the management of financial affairs, production cost, and quality; set forth specific targets and improvement measures; attend to basic management work; do a good job in limiting production, reducing the stockpiling of products, and promoting sales; accelerate the withdrawal of payments for goods; increase the efficiency from utilization of capital; and strive to register a big decrease in the amounts of enterprise deficits and the number of money-losing enterprises.

6. We Should Intensify the Development of Basic Industries and the Construction of Infrastructure Facilities and Enhance the Reserve Strength for Development

We should persistently make a unified plan, make a reasonable distribution, act according to our capabilities, and make good arrangements for the development of basic industries and infrastructure facilities.

The province, cities, and counties should make clear divisions of work, define their authorities to control enterprises and undertakings, assume responsibility, really make good use of limited funds, and avoid building complete, self-sufficient economies of their own to the negligence of objective conditions. The railway front should strive to ensure the completion of the Shandong section of the Beijing-Kowloon railway project and the supporting projects for the Taocun-Weihai railway project, and accelerate the construction of the Shandong section of the Jinan-Handan railway project. We should tap potential for transportation; arrange the transportation of key goods, materials, and commodities; and strive to further satisfy main railway lines and the railway sections whose transportation is under restriction. The highway front should concentrate energy to achieve the construction of expressways; accelerate the construction of the Jinan-Dezhou expressway, the Jinan-Liaocheng expressway, and the second bridge crossing the Jinan section of Huang He; continue to perfect the existing highway networks; and add 4,040 km of highways. In ports, we should ensure the completion and operation of the second-phase Rizhao port project and the expansion of Longkou port. In aviation, we should accelerate the reconstruction of Jinan airport, focus on coordinating the operations of Jinan airport and Qingdao airport, and strive to pioneer increasingly more domestic and international air routes. No new airports will be built in the foreseeable future. Postal and telecommunication fronts should accelerate the expansion of the Jinan-Qingdao optical fiber project; firmly grasp the construction of the Jining-Heze, Qingdao-Weihai, and Jinan-Jining fiber optic cable communications projects; and add 500,000 urban telephone service lines and 15,000 long-distance telephone circuits. We

should accelerate the construction of Qingdao power plant, Shiliquan power plant, the third-phase projects of Longkou and Zouxian power plants, and the second-phase project of Shibeng power plant; and achieve the construction and reconstruction of power transmission lines. We should strive to gain the state approvals for starting the construction of the second-phase project of Weihai power plant and Rizhao power plant. The province plans to add 900,000-kw hours to its power generation capacity and will ensure its reaching a power generation capacity of 72 billion-kw hours. Efforts should be made to develop the four large coal fields, namely Jidong, Jibei, Tengnan, and Tengbei. We should well organize coal production and transportation and achieve an integrated production of coal and electricity. Some 2.85 million tonnes of coal production capacity should be added. In regard to the raw material industry, we should continue to achieve the construction of the supporting projects for Jinan and Laiwu steel works, increase the output of readily marketable steel products and advantageous steel products, and firmly attend to the preparations for starting the construction of Qilu iron and steel plant. We should strive to complete the transformation of Jining, Ningyang, and Pingyin chemical fertilizer plants and increase the output of high-concentrated compound fertilizers. We should positively strive to gain the state approvals for expanding Lubei general chemical industrial plant and building the 1,000-tonne penicillin production project of Jining and Taian salt chemical industrial project, accelerate the construction of Sishui Daewoo cement plant, and strive to complete the construction of Yantai Mitsubishi cement plant and Shandong cement plant as well as the reconstruction of the "two-amino" [liang ji 0357 8637] production project of Xinhua pharmaceutical plant.

7. We Should Pay Equal Attention to Foreign Trade, Foreign Capital, and Foreign Economic Relations; Upgrade the Level of Opening Up; And Increase the Economic Results From Opening to the Outside World

According to the thinking of the developing economy and trade on a large scale, we should expand the quality and range of foreign economic relations and trade; promote the combination of trade with industry, agriculture, commerce, and technology, the coordination of industry, finance, and trade, and the integration of foreign trade, foreign capital, and foreign economic relations; and elevate the opening of the province to higher levels.

An all-directional, multichannelled, and multilayered export pattern should be developed and the scale of foreign trade should be expanded further. First, we should set up an overall foreign trade management system to enhance the vitality of foreign trade. Foreign trade enterprises should deepen reform, strengthen management, reduce cost in terms of foreign exchange, develop export at a speed commensurate with the improvement of efficiency, and ensure that the target of eliminating debts should be realized on schedule. We

should continue to do a good job in purchasing goods for export; vigorously encourage exports on a commissioned basis; and develop processing with supplied materials and samples, compensation trade, and barter trade. It is necessary to increase foreign exchange earnings from nontrade industries, such as tourism. The export-oriented enterprise groups, headed by foreign trade enterprises and industries, should be developed and the pace of organizing international, industrialized groups should be accelerated. Second, a high-efficient export industrial system should be established and the reserve strength for foreign trade should be enhanced. We should strive to delegate export management rights to increasingly more enterprises and enterprise groups and encourage the three types of foreign-funded enterprises to expand the scale of export. We should readjust and optimize the export industrial structure and the export product mix; upgrade commodities' technological content, quality, and standing; make efforts to support the export of machinery and electronic and chemical industrial products. Third, a foreign management system should be developed and spheres for developing foreign economic relations and trade should be pioneered and developed. We should encourage foreign trade enterprises to cooperate with the large and medium-sized enterprises at home to directly establish windows and run industries in foreign countries and to develop transnational management. We should positively undertake foreign projects on a contracted basis, export laborers, and expand foreign economic and technological cooperation.

We should widen the channels and spheres for using foreign capital and upgrade the standing and level of foreign-funded projects. We should strengthen the use of foreign capital according to policies, select and assess projects, and turn the focus of using foreign capital onto the projects with high technological contents, old enterprise transformation projects, basic industries, and infrastructure projects. Restrictions should be imposed on the foreign-funded enterprises with serious pollution, low technological levels, and poor competitiveness. We should expand the dynamics of inviting more business from European and American countries and enliven the flotation of loans by selling parts of property rights, transferring stock rights, and issuing convertible bonds and stocks abroad. The management of business introduction and capital import should be strengthened. According to state regulations, we should work out a plan for developing international capital leases, using the loans granted to the Chinese side of the three types of foreign-funded enterprises by the out-of-the-border banks, issuing convertible bonds, and using overseas funds. In organizing large-scale open-for-business activities, we must pay attention to real efficiency. It is necessary to strengthen the management of the three types of foreign-funded enterprises; enhance the awareness of running risks and the awareness of repaying debts; firmly attend to the establishment of the foreign debt repayment system according to the subordinate

relationship of items with foreign debts; and adopt economic, legal, and administrative means to ensure the repayment of foreign debts on schedule. The province, cities, and counties should set up debt repayment funds, perfect the methods for collecting and managing funds for debt repayments, and ensure a benign cycle of borrowing, using, and repaying credits.

8. We Should Maintain a Proper Increase in the Investment in Fixed Assets and Optimize the Investment Structure

A proper scale of investment in fixed assets should be maintained. We should persistently make investment according to our capability, optimize the investment structure, and increase economic results. Some 127 billion yuan of investment in fixed assets should be arranged, up 15 percent. Of this, the investment in the fixed assets of state-owned units comes to 71 billion yuan, up 16 percent; and that in collective and individual units and the units of other sectors of the economy reached 56 billion yuan, up 14 percent. Of the investment in state-owned units, 36 billion yuan are invested in capital construction projects, up 14 percent; and 21 billion yuan, in technological transformation projects, up 24 percent.

It is necessary to strictly control on-going projects and to concentrate capital to ensure the construction of key projects. The investment in the province's ongoing projects totals 275 billion yuan, of which 110 billion yuan worth of work load should be completed in 1995, 70 billion yuan are arranged at state-owned units, and 40 billion yuan are arranged at nonstate-owned units. Therefore, the space for arranging new projects is very small. The state will continue to carry out the principle of controlling both capital and scale. So, the localities at various levels should conscientiously sort out ongoing projects, arrange projects in the order of importance and urgency, and concentrate funds to ensure the completion and operation of continuous and winding-up projects. This year, the state will not approve, in principle, new projects. Simultaneously, the province should make approvals strictly according to the rights to management of projects and must not allow the construction of a new project which does not conform to the three principles governing the construction of a new project.

The orientation for guiding the industrial policies should be strengthened and the investment structure should be readjusted and optimized. We should focus the investment on development of basic industries, such as water conservation, power, communication, and telecommunication projects; infrastructure facilities; technological transformation of pillar trades; and the cultivation of dominant industries and new industries. In selecting investment projects, we should set our sight on cultivating local financial resources, stress investment efficiency, and avoid low-quality duplicate construction. It is necessary to strengthen the management of the investment in real estate and to bring the development of real

estate into line with the plan for investment in fixed assets. The investment in marketable houses should mainly be used to build houses for ordinary people and relevant supporting facilities. The construction of high-class guesthouses, high-class office buildings, and expensive entertainment facilities should strictly be controlled.

We should make good management and use of funds for capital construction and make efforts to increase the sources of funds for capital construction. The province's sources of funds for capital construction have been reduced step by step over the past years. From now on, we should mainly withdraw credits to ensure the demands for key construction projects. We should perfect the methods for management and withdrawal of capital and strictly coordinate loan implementation with loan withdrawal. The investment that the province has promised to undertake should be arranged with the funds that should have been withdrawn from cities and prefectures. No funds will be allocated to the enterprises that have not done a good job in repaying their loans, and the loan repayments should be linked with enterprise legal persons' economic benefits. We should do a good job in arranging the pre-phase work, have increasingly more construction projects of our province covered in the state plan, and strive for state investment.

The reform of the investment and capital flotation systems should be deepened, and the investment management should be strengthened and improved. We should comprehensively carry out the system of investment by legal persons on a responsibility basis, standardize the activities of investors of various categories, carry out the project capital system, and set up the investment risk-running and restriction system. A project registration system for the record should strictly be implemented. No approvals for investment will be given to those who have not registered with relevant authorities. Banking organizations must not promise to grant loans. Land management, urban construction, and environmental protection departments are not allowed to handle relevant procedures. The management of budgetary estimates for projects should be improved. We should do a good job in examining design plans and auditing projects and resolutely correct the activities of exceeding standards to make designs and of arbitrarily changing construction contents and extending construction periods.

9. We Should Speed Up Scientific and Technological Progress and the Cultivation of Skilled Persons and Promote an Overall Social Progress

We should continue to put science and technology and education in a strategic position for prime development, deepen reform, increase input, and realistically turn the focus of economic development onto the reliance on scientific and technological progress and the improvement of the quality of laborers.

We should further deepen the reform of the scientific and technological system and enliven the development

mechanism. Institutions of higher learning and scientific research institutes should be encouraged to conduct cooperation with enterprises. The pace of scientific and technological industrialization should be accelerated. Enterprises should be guided to organize and establish technological development centers and to set up a technological progress mechanism characterized by integration of scientific research with production. We should organize and set up a group of centers for promotion of productive forces as well as scientific and technological service organizations to send science and technology, skilled persons, and information to small and medium-sized enterprises. We should develop, popularize, and apply sciences and technologies to serve the import, breeding, and improvement of new crop strains, the coordination of electronic information with machinery electronics, and the development and saving of energy resources and water resources. We should continue to grasp the construction of new high-tech development zones and economic and technological development zones. All social fronts should be guided to increase the input in sciences and technologies. Funds for trial manufacturing of new scientific and technological products, funds for scientific and technological experiments, funds for key scientific research, and special loans for scientific and technological development should increase with each passing year.

We should conscientiously implement the "outlines of China's educational reform and development" and adopt various ways to cultivate various categories of skilled persons. We should pay attention to popularizing the nine-year compulsory education system and wiping out young and middle-aged illiterate persons; and attend to, in a well-planned manner, the vocational education for primary and junior and senior middle school graduates. We should tap potential for running institutions of higher learning, improve teaching quality and school-running efficiency, and vigorously cultivate various categories of specialized talents to meet the urgent demand of economic construction. The ordinary institutions of higher learning subordinate to the province plan to recruit 40,300 students and the ordinary secondary specialized schools subordinate to the province, 82,000 student. The in-service education should conscientiously be attended to. We should adopt various forms, such as in-service training, advanced study at schools, and exchange of work posts, to speed up the cultivation of entrepreneur contingents and rural cadre contingents. We should continue to deepen the educational reform and gradually set up and also standardize a new system under which schools are run dominantly by governments and with the participation of all social circles. We should perfect the mechanism of collecting educational outlay from various channels and increase the input in education.

We should attend to the implementation of the three major state policies governing family planning, environmental protection, and protection of state land. It is

necessary to strictly carry out the birth control responsibility system, readjust the population structure, and improve the birth quality. The protection of land should be strengthened according to laws and the occupation of land should strictly be controlled. We should strengthen the overall improvement of environment and the construction of facilities, work out more measures for controlling and improving the pollution caused by town and township enterprises, and organize forces to implement the project for improving "a river and two lakes." Mineral resources should be managed and protected. Rural areas should pay attention to public health and health care. Traditional Chinese medical science should be rejuvenated. Social undertakings, such as cultural, publication, radio, television, and sports undertakings, should be developed well.

10. We Should Change the Functions for Planned Management and Strengthen and Improve Macroeconomic Regulation and Control

To suit the demands for developing the socialist market economy, planning departments should strengthen the guidance, control, and management of the macroeconomy and shift the work focus onto studying development strategies, mapping out long-term plans, defining development priorities, achieving a large-scale balance, grasping large projects, and building large markets. First, the system governing planned management targets should be reformed. The new system governing planned management targets is composed of the system governing macroeconomic regulation and control targets, the system governing the desired targets in economic and social development spheres, and the system governing the targets for distribution of government public funds and natural resources. We implement this new system in order to further assess the quality and efficiency of economic operation. Second, the system of comprehensively balancing the national economy should be improved. With the focus on balancing the total demand and the total supply, we should achieve the balance between the aggregate of society's capital and the capital structure, between the sources of capital for investment in fixed assets and the capital utilization orientation, between major farm products and production capital goods, among the scale of foreign debts, the foreign debt structure, and the foreign debt repayment capability, between the aggregate of labor forces and the flow of labor forces, and between market prices and the price structure. Third, we should improve the macroeconomic monitoring, calculating, and warning systems so as to standardize and institutionalize the monthly, seasonal, and yearly monitoring and calculation work. We should set up the warning and forecasting system and the macroeconomic information issuance system, analyze the national economic situation, promptly make suggestions on the policies governing macroeconomic control, and strive to carry out the macroeconomic control and planned management on the basis of scientific calculation. Fourth, we should conscientiously organize and carry out industrial policies. In line with the actual

conditions of localities and departments, we should regionalize the state industrial policies and industrialize the regional development policies. We should adopt economic, administrative, and legal means and comprehensively apply financial and banking policies to ensure the implementation of industrial policies. Fifth, we should firmly attend to mapping out the Ninth Five-Year Plan. Mapping out well the Ninth Five-Year Plan and the plan for development by 2010 is of extremely important significance to our province's reform, development, and modernization. Thus, under the leadership of the party committees and governments, the planning departments at various levels should strengthen organizational coordination, conduct investigations and study, and accomplish their work in a down-to-earth manner. As for the key problems bearing on the overall economic development situation, we should extensively solicit opinions from people's congress deputies and members of the Chinese People's Political Consultative Conference organizations; consult with specialists, scholars, and personages of enterprise circles; have increasingly more social personages to join the formulation of the plans; and have the plans become grand blueprints with which the people from higher levels downward across the province are mobilized to promote modernization.

Fellow deputies: The 1995 tasks for reform, development, and stability are extremely arduous. So long as we work under the correct leadership of the provincial party committee and government and under the supervision and support of the provincial people's congress and its standing committee, unite with the people of the province, seek truth, deal with concrete matters relating to work, and firmly attend to our work will we certainly be able to successfully accomplish the 1995 national economic and social development tasks.

'Excerpts' of Shanghai Budget Report

OW1404102795 Shanghai JIEFANG RIBAO in Chinese
27 Feb 95 p 2

["Report (Excerpts) on the Implementation of the 1994 Shanghai Budget and the 1995 Budget (Draft)—Delivered by Shanghai Vice Mayor Hua Jianmin at the Third Session of the 10th Shanghai Municipal People's Congress on 17 February 1995"—JIEFANG RIBAO headline]

[FBIS Translated Text] I. Implementation of the 1994 Budget

Shanghai's local budgeted revenue for 1994 as approved by the Second Session of the 10th Shanghai Municipal People's Congress totaled 11.38 billion yuan. This is calculated in accordance with the revenue-sharing system and the same is true below. Tax revenue returned by the central government and special subsidies was projected at 13.77 billion yuan. This put the total revenue at 25.15 billion yuan. Total spending was projected at 25.15 billion yuan, of which 13.15 billion yuan was budgeted for local expenditures and 12 billion yuan was

fixed revenue to be delivered to central coffers. This would result in a balanced budget for 1994. As a result of the budget's implementation, local revenue totaled 17.53 billion yuan, representing 123 percent of the budgeted figure (adjusted figure; the same is true below) and a 65.5-percent increase over 1993. Coupled with 14.67 billion yuan in tax revenue returned by the central government and 32.2 billion yuan in other subsidies, total revenue came to 32.2 billion yuan. Local expenditure totaled 19.69 billion yuan, representing 116.5 percent of the budgeted figure (adjusted figure; the same is true below) and a 56.6-percent increase over 1993. Coupled with 12 billion yuan in fixed revenue delivered to central coffers, total expenditure came to 31.69 billion yuan. The result of offsetting expenditure with revenue was a surplus of 510 million yuan for 1994.

(1) Local revenue and expenditure for 1994 compiled according to the dual-budget system follow:

First, the regular budget was implemented in the following way:

1. Regular revenue totaled 16.66 billion yuan, representing 123.3 percent of the budgeted figure and a 70.2-percent increase over 1993. Industrial and commercial tax receipts totaled 17.11 billion yuan; enterprise income tax receipts amounted to 1.54 billion yuan; planned subsidies for losses incurred by state-owned enterprises (subsidies for losses caused by the implementation of policies regarding grain, cooking oil, nonstaple foodstuffs, public utilities, and coal for residential use) totaled 4.21 billion yuan; and other receipts amounted to 2.22 billion yuan.

2. Regular expenditure totaled 14.17 billion yuan, representing 118 percent of the budgeted figure and a 66.1-percent increase over 1993. Regular expenditure accounted for 72 percent of total local expenditure.

Second, the construction budget was implemented in the following way:

1. Revenue in the construction budget totaled 870 million yuan, representing 116.6 percent of the budgeted figure and a 9-percent increase over 1993.

2. Expenditure in the construction budget totaled 5.52 billion yuan, representing 112.9 percent of the budgeted figure and a 36.4-percent increase over 1993.

Revenue and expenditure were balanced after expenditure in the construction budget was deducted from the sum of adding revenue in the construction budget to special subsidies provided by the central government and the surplus from the regular budget.

(2) The main features of 1994 local revenue and expenditure follow:

Implementation of the 1994 municipal budget led to substantial increases in both revenue and expenditure, with the margins of growth reaching the highest levels

since the 1960's. Compared to previous years, 1994 local revenue was characterized by the following three distinctive features:

The first was that sustained, rapid, and healthy economic development ensured rapid revenue growth. Expanded production and circulation, as well as improved efficiency, led to rapid growth in tax revenue—that portion of revenue that is closely related to economic scale and efficiency. This gave rise to a favorable situation where revenue grew faster—not more slowly as had long been the case—than the economy.

The second was the gradual optimization of financial revenues as a result of the strategic readjustment of economic structures. The new economic growth points contributed more to, and began to play a leading role in, increasing financial revenues. Last year, the municipal revenues from the automobile, communications, and other pillar industries grew more than 80 percent; including a more than 100 percent increase in revenues from new and high-tech industries; a 100 percent increase in tax revenues from foreigners of the three kinds of partially or wholly foreign-owned enterprises; and a 75 percent increase in revenues from the banking, information service, and other tertiary industries. As a result, the structure of municipal financial revenues was further optimized.

The third was that the growth of district and county financial revenues continued to exceed that of municipal revenues. In line with the principle of "two-level governments and two-level management" and in light of the realities in the reform of the revenue-sharing system, we took into full consideration the interests of districts and counties, and correctly handled the distribution relations among municipal, county, and district financial revenues under the precondition of insuring proper concentration of municipal financial resources, thereby more effectively harnessing the enthusiasm of districts and counties. Last year, the financial revenues of districts and counties increased 3.5 billion yuan, or 68.5 percent, over 1993, topping the growth of the municipal financial revenues by nearly 6 percentage points. The financial revenues of the New Pudong District amounted to 1.55 billion yuan, representing a 213 percent increase over 1993 and topping the increase of municipal financial revenues by nearly 150 percent.

The 1994 local financial expenditures were characterized by three distinctive features:

The first was a fairly large increase in expenditures for supporting various reform programs and ensuring social stability. Last year, the municipal, as well as district and county governments, allocated special funds to help people in financial need from the surplus of previous years and from new financial resources in the current year. The special funds were used for solving particular difficulties of enterprise workers; for providing interest-free loans for low-income workers of deficit-ridden

enterprises; and for issuing daily subsidies to workers of agriculture-related enterprises.

The second was the rapid increase in expenditures for promoting modern urban construction. By raising urban construction funds through various channels last year, we ensured the smooth progress of major civil engineering projects.

While transforming old districts and building new districts, we facilitated the comprehensive improvement of the urban environment and focused on prevention and control of industrial pollution to bring about coordinated economic and ecological development.

Third was the healthy development in all fields of endeavor in accordance with the principle of "ensuring key points and giving consideration to general areas." Last year, we concentrated the increased input mainly on agriculture, science, education, culture, and public health; and on public security, judicial, and procuratorial work.

All in all, the execution of Shanghai's 1994 budget was generally good. Financial revenues overfulfilled the budgeted figures; and expenditures ensured enough allocations for supporting various reform programs while basically guaranteeing the needs for funds in the development of all undertakings. Balance between revenues and expenditures resulted in a surplus, which provided a financial foundation for Shanghai's sustained development in the next three years.

II. Concerning the 1995 Budget

The year 1995 is the last year of the Eighth Five-Year Plan period, as well as the first year of Shanghai's new three-year efforts for attaining its objectives. According to the guidelines of the central economic work conference, various special meetings, and the Third Plenary Session of the Sixth Shanghai Municipal CPC Committee, the guiding principles of Shanghai's fiscal and budgetary plans for 1995 are: Continue to improve and deepen financial and tax reform, appropriately enhance regulation and control over financial transfer payments, and further encourage the enthusiasm of districts and counties to develop regional economy and organize revenues; strengthen local tax collection and management; strive to tap the potential for increase revenues, so that the increase in revenues will match the development of the national economy; practice an appropriately tight financial policy; readjust and optimize the expenditure structure; rationalize price subsidies; giving support to key enterprise reform and reform of social security system; and strictly keep within the bounds of the budget, while making sure the expenditures for developing agriculture, education, science and technology, politics and law, and other sectors will increase appropriately.

In light of the expected objectives of Shanghai's economic and social development for 1995, the preliminary

plans for revenues and expenditures in the 1995 budget are: 20 billion yuan for local revenues (according to the revenue-sharing system, including fixed local incomes and incomes shared by localities), up 14.1 percent from 1994. This strikes a revenue and expenditure balance in the budget for the year.

The plans for the 1995 budget, compiled according to a dual budgetary system, are as follows:

(1) The plan for the regular budget

1. Revenues in the regular budget are set at 19.2 billion yuan, up 15.3 percent from 1994, and include income from industrial and commercial tax, 19.71 billion yuan [figure as published], up 15.2 percent from 1994; receipts of enterprise income tax, 1.55 billion yuan, up 0.5 percent from 1994; subsidies to make up for planned losses of state-owned enterprises (subsidies for policy-related losses in grain, edible oil, non-staple food, public utilities, coal for civil use, and others), 4.4 billion yuan, up 4.6 percent from 1994; and incomes from other sources, 2.34 billion yuan, up 5.7 percent from 1994.

2. Total expenditures in the regular budget increase by 12.6 percent over the 1994 figure to 15.97 billion yuan, accounting for 73 percent of total local expenditures. The planned expenditures include:

Operating expenses for agricultural, forestry, water conservancy, meteorological, and other sectors, 230 million yuan, up 17.2 percent from 1994 in terms of the same constants; operating expenses for cultural, educational, public health, and scientific and technological sectors, 5.39 billion yuan, up 17.7 percent from 1994; pensions for the disabled and families of the deceased and social welfare relief payments, 210 million yuan, up 23.5 percent from 1994 in terms of the same constants; administrative expenses, 840 million yuan, up 10 percent from 1994; law enforcement expenses, 1.16 billion yuan, up 16 percent from 1994; subsidies for price rises, 870 million yuan, up 13.2 percent from 1994 in terms of the same constants; expenses for municipal maintenance, 1.38 billion yuan, up 15 percent from 1994; additional educational expenses, 630 million yuan, up 30.1 percent from 1994; and other expenses, 3.99 billion yuan, down 1.1 percent from 1994. Total reserves for municipality, districts, and counties are 500 million yuan.

(2) The plan for the construction budget

1. Revenues in the construction budget are set at 800 million yuan. Receipts of regulatory tax on investments in fixed assets are estimated at 250 million yuan, up 2.7 percent from 1994, whereas income from land occupation tax is 350 million yuan, up 2.1 percent from 1994.

2. Expenditures in the construction budget increase by 5.7 percent over the 1994 figure to 5.83 billion yuan and include: expenses for capital construction and enterprises' renovation projects for tapping potential, 5.11 billion yuan, up 6.1 percent from 1994; expenses for

supporting agricultural production, 520 million yuan, up 16.3 percent from 1994 in terms of the same constants.

The sum of revenues in the construction budget plus income from the central authorities' special subsidies and surplus of the regular budget, minus expenditures in the construction budget, strike a revenue and expenditure balance in the budget.

III. Fulfill the 1995 Budget

In 1995, Shanghai's national economy will continue to develop in a sustained, rapid, and healthy manner on the basis of the significant changes achieved in the preceding three years; both the quality and performance of economic operations will continue to improve; and the framework built for the modern socialist market system and the experiments conducted to establish a modern business system will inject new vitality into all businesses, especially the large number of state enterprises, in Shanghai. To fulfill the 1995 budget, efforts must be made to accomplish the following five projects:

(1) We should continue to improve the tax allocation system.

In 1995, we must continue to explore ways to improve the tax allocation system. In accordance with the principle of "reasonable concentration, giving consideration to equilibrium and regulating various fiscal factors so as to give districts and counties the incentive to pay taxes," we should continue to improve the transfer payment procedures between treasuries, restructure the way of distributing financial resources, and reduce the contradictions caused by uneven economic and social developments between districts and counties.

Meanwhile, to improve the tax allocation system, the following 15 districts and counties—Huangpu, Nanshi, Luwan, Xuhui, Changning, Putuo, Jingan, Zhabei, Hongkou, Yangpu, Jiading, Nanhui, Fengxian, Songjiang, and Qingpu—will no longer need to pay revenues to the state on the basis of progressive rates of increase, as they had in the past. Beginning in 1995, fixed quotas of revenues to be paid to the state have been set for these districts and counties, according to the amount of revenue they delivered to the state in 1994. Other districts and counties which used to deliver fixed revenue quotas to the state will continue to do so from now on.

(2) We should continue to follow through with the new tax system.

Governments at all levels must operate strictly in accordance with all regulations of the new tax system. No organs or departments may come up with any overt or covert measures for bending the regulations. All forms of economic entities and their workers must consciously and fully fulfill their tax obligations prescribed in the tax regulations of the new tax system.

In view of the new situation and new issues arising from people's higher incomes, and in accordance with Shanghai's characteristics, we will study and draw up a new set

of measures for collecting personal income tax, intensify the publicity of the tax law, control tax collection at the source, and improve the operations of withholding personal income tax. We will explore scientific, rational, and convenient forms and measures for collecting and managing personal income tax and strengthen the control of cash expenditure so that the collection of personal income taxes will be effectively controlled by law, and so that the situation where consumption funds are out of control can be averted with macroeconomic measures.

We should tighten the collection and control of all taxes, especially the value-added tax [VAT], and establish an efficient cross-checking system to guard against forgery of special VAT invoices. We must improve and perfect the measures governing export rebates, provide foreign-funded enterprises with more effective guidance, firmly wage a struggle against tax evasion and other tax frauds, and harshly crack down on all acts of refusing and evading tax payments and all tax cheating. Financial and tax authorities must consider ensuring revenues as the primary operation which should be firmly strengthened, and they should gradually establish a set of modern tax collection and control measures compatible with Shanghai's economic development. Meanwhile, in accordance with the development of Shanghai's municipal construction, we must continue to tighten the control of all forms of "local surcharges" and study how to improve their collection.

(3) We must support all reforms.

We must continue to support enterprises to improve their operating systems and encourage them to establish a modern business system. Right now, we must pay special attention to establishing an equitable tax system and act as quickly as possible to help enterprises deal with their internal and external problems. For the sake of deepening enterprise reform, we should also create an environment for open, fair, and just competition so that the productive forces of state and other forms of enterprises can be further liberated.

All financial and tax departments must actively support and take part in the reform of the social security system and other systems. We should encourage and support those enterprises which have resettled their redundant personnel, and, through setting up relief funds and improving various forms of social security systems, help hard-pressed enterprises and their workers come out of their predicaments. We must actively support and take part in housing reform, and tighten the supervision of the use of housing funds and other funds so that they can be used more efficiently.

(4) We should attach great importance to the development of agriculture and other social causes.

Agriculture is the foundation of the national economy. Governments at all levels must attach great importance to agriculture and invest more resources in agriculture. We should, through science and technology, revitalize

agricultural production, promote steady and high grain output, launch a new round of "food basket" projects and set higher criteria for it, establish efficient group enterprises which integrate production, processing, and marketing so as to commercialize, socialize and modernize the production and marketing of agricultural goods. We should continue to tighten the management of embankments along rivers and by the sea so as to improve urban areas' flood-control capabilities.

Governments at all levels must continue to maintain their investment in education, public health, scientific research, and other public services. In accordance with the requirements for the socialist market economy, we should have policies for encouraging and guiding capable and efficient institutions to gradually become financially independent.

(5) We should earnestly study and follow through with the "Budget Law."

The "Budget Law", adopted by the National People's Congress, is the basic law for drawing up all budgets. This law has clearly prescribed the rules for all major issues, such as general and specific policies and procedures for drawing up budgets, as well as the scope of authority of governments at various levels. Governments and financial departments at all levels should, through widespread publicity efforts, heighten everyone's concepts about budget control to make sure that their expenditures do not exceed their budgets. In accordance with the provision in the "Budget Law" which states that a multiple budget is made up of four parts, financial departments should act as quickly as possible to study and draw up measures for controlling the budget of state-owned assets' incomes and the budget for social security—measures conforming to Shanghai's actual situation. Institutions should continue to deepen the reform of their fiscal management, tighten the control of administrative levies and fines, and uphold the regulation that revenues and expenditures should be separated and considered as part of the budget—a policy which the central government has repeatedly underscored. Meanwhile, in accordance with the "Budget Law," we should tighten the management of extra-budgetary funds and make the use of these funds more efficiently. In light of the spirit of the "Budget Law," all departments and units, while executing their budgets, must follow through with the conservation principle and cut all unnecessary expenditures.

Central-South Region

Guangxi Secretary Addresses Regional Meeting

HK1804083695 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 3 Apr 95

[FBIS Translated Excerpt] The regional rural work meeting, which opened in Nanning on 3 April, is aimed largely at relaying and bringing into effect the guidelines laid by the central rural work meeting, and by the

national work meeting on grain, cotton, and chemical fertilizers; achieving a still better understanding of the principle of unswervingly giving first priority to agriculture in economic work; and studying and making plans for our region's agriculture and rural work this year, with a view to reaping a bumper harvest by every possible means, and promoting the all-round development of agriculture and the rural economy, so as to ensure an efficient supply of farm produce, an increase in peasants' income, and a stable rural society.

Leaders of the autonomous region—including Zhao Fulin, Cheng Kejie, Ding Tingmo, Ma Qingsheng, Peng Guikang, Li Enchao, Yang Jichang, (Li Zhaozuo), (Pan Qi), (Xu Aili), Huang Baorao, Wei Jisong, Shi Zhaotong, He Bin, Du Jingyi, Zhang Dunhao, Zhang Mujie, Lei Yu, Xu Bingsong, Liu Hong, Lu Bing, (Bai Chuan), and (Lu Yanlan); special advisers of the regional people's government (Huang Rongzhen) and (Chen Ren); Huang Renwen, president of the regional higher people's court; and Wei Jianeng, chief procurator of the regional people's procuratorate; attended the meeting.

The meeting was presided over by Chairman Cheng Kejie. At the beginning of the meeting, regional Vice Chairman Xu Bingsong relayed the guidelines laid by the central rural work meeting and by the national work meeting on grain, cotton, and chemical fertilizers.

Zhao Fulin, secretary of the regional party committee, delivered an important speech at the meeting entitled "Have a Better Understanding, Pay Close Attention to Implementation, and Advance Our Region's Agriculture and Rural Work to a New Level." He stressed: Leaders at all levels, as well as the vast numbers of cadres, should conscientiously sum up historical experience; have a better understanding of the foundation role of agriculture; and set store by, protect, and strengthen agriculture in terms of our thinking, organization, and actions.

Zhao Fulin pointed out: This year, the specific targets and demands for our region's agricultural development are to increase the added value of agriculture, forestry, animal husbandry, and fisheries by five percent; to increase the gross output value of agriculture by seven percent; to increase the per capita net peasant income by over [figure indistinct]; to hit an all-time high in gross grain output by yielding 15.05 million tonnes; to achieve great growth in the output of sugar, oil crops, meat, aquatic products, vegetables, and fruit; to raise the total income of town and township enterprises to 200 billion yuan, up 36 percent over the previous year; and to solve the food and clothing problems of 1 million people. In fulfilling these targets we do have difficulties, but favorable conditions as well. The urgent task at hand is to devote our energies to fighting well the battle of spring plowing, and to conscientiously protect farmland and guarantee the quality of farming.

Zhao Fulin said that given the present situation, we must pay close attention to the work as follows: First, we must

arouse peasants' enthusiasm by means of policies. Following the conclusion of this meeting, we must examine the regionwide implementation of every policy and measure laid down by the party Central Committee and the State Council for the protection and support of agriculture. Second, we must invest more goods and materials, technology, and capital in agriculture, and this is a key measure for ensuring a bumper agricultural harvest this year. Third, the service work must be organized in a better way so as to conscientiously solve practical problems that arise in the midst of agricultural development. Fourth, we must strive to reap a bumper harvest on the basis of combating natural disasters, so we must have a stronger sense of preventing and combating natural disasters, and make good preparations for it in advance.

Zhao Fulin said: We must vigorously develop a diversified economy while ensuring steady growth in grain so that peasants can earn more. [passage omitted]

Zhao Fulin stressed that at present, our region must focus on the following work while implementing the rural reform: First, we must develop the rural joint-stock cooperation system in a vigorous and safe manner. Second, we must implement a system for the paid transfer of land-use rights. Third, we must continue deepening the reform of supply and marketing cooperatives. Fourth, we must build up and perfect a socialized rural service system. Fifth, we must strengthen the building of a rural market system. Sixth, we must build up a rural insurance system. At present, we first must pay attention to the work involving old-age pensions, medical insurance, and insurance against natural disasters.

In his speech, Zhao Fulin urged party committees at all levels to follow the guiding ideology, and to give priority to agriculture when making plans for the economic work. [passage omitted]

In conclusion, Zhao Fulin stressed: The guiding principles, task requirements, policies and measures, and concrete planning of agriculture and rural work have been defined by the central authorities. Now is really a golden opportunity to develop agriculture and the rural economy, and we must cherish this opportunity, do practical work, strive to make rural reform and development a greater success. We must devote our energies to fulfilling our region's targets of doubling our GNP this year, and of reform and development by the end of this century. [passage omitted]

Guangxi Sets Up Poverty Eradication Foundation

OW1804091195 Beijing XINHUA in English 0803
GMT 18 Apr 95

[FBIS Transcribed Text] Nanning, April 18 (XINHUA)—South China's Guangxi Zhuang Autonomous Region has allocated 30 million yuan to set up a foundation for eradicating poverty in the region.

The foundation is a non-profit, non-governmental organization with approval from the regional people's government. Its primary task is to raise money for the

development of the economy, culture, education, and public health in poverty-stricken areas.

Donations of cash, materials, and technology from individuals and businesses at home and abroad are all welcome. Those who donate to the building of new schools, clinics, or water wells will have the projects named after them.

An official with the foundation said that establishing the foundation has opened up a new channel for aiding the poor by means of non-governmental organizations.

The majority of poor families live in the west and northwest parts of Guangxi. The regional government has vowed to give 6.7 million people living in poverty-stricken areas enough to eat and to wear by the end of the century.

Planning Commission Approves New Hainan Airport

OW1804015895 Beijing XINHUA in English 0034
GMT 18 Apr 95

[FBIS Transcribed Text] Haikou, April 18 (XINHUA)—The State Planning Commission has approved a feasibility study report for the construction of a new airport in this capital of burgeoning south China's Hainan Province.

With the city expanding rapidly, the Haikou Airport has to be relocated, sources said. The site will be Meilan, on the outskirts of Haikou, and the airport will be built in line with the 4E international standard. It will be able to handle Boeing 747-400 aircraft and have runways 3,600 m long and 45 m wide. The airport will be designed to handle 3,600 people an hour at peak times, with a passenger terminal of 89,000 sq m.

The total investment is estimated at 3.8 billion yuan. Apart from the state allocation and loans, the funds will be raised by the airport corporation through various channels.

So far, the initial design for the aviation area and the passenger terminal are nearly complete, and the tendering work will begin soon.

Hainan Province Government Work Report

HK0804020095 Haikou HAINAN RIBAO in Chinese 7
Mar 95 pp 1, 3, 4

[Hainan Provincial Government Work Report delivered by Hainan Governor Ruan Chongwu at the Third Session of the First Provincial People's Congress on 21 February 1995; all increases/decreases are as compared to 1993]

[FBIS Translated Text] Fellow Deputies,

On behalf of the People's Government of Hainan Province, I now submit a report on the work of the government for your examination and approval and also for

suggestions and comments from members of the provincial committee of the Chinese People's Political Consultative Conference and other observers.

I. Review of Work in 1994

Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the basic party line, governments at all levels in our province conscientiously implemented the spirit of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, actively pushing forward various reforms during the past year. The economy was operating in a normal and healthy manner and was growing rapidly on the whole. It was also heading toward the state's macroeconomic goals. Standardized practices gradually developed and new progress was achieved in the advancement of socialist ideology and culture and other social undertakings.

- The national economy continued to grow rapidly. The GDP was 35.97 billion yuan, up 12.6 percent, with primary industry showing an increase of 12.4 percent, secondary industry growing by 14.8 percent, and tertiary industry up 11.7 percent.
- All sectors of the rural economy expanded and its structure was readjusted at a faster pace. The agricultural output was 10.08 billion yuan, up 13.8 percent and registering double-digit growth for the third year running. Grain production was a record high of 2.05 million tonne. The rural industrial structure was further readjusted. High-output, high-efficiency, and fine-quality (also referred to as "two-high, one-fine" agriculture) continued to develop and substantial increases were registered in the production of vegetables, fruit, rubber, and aquatic products as well as in the number of poultry and animals sold. The target for forestry production was overfulfilled. Township enterprises achieved an output value of 8.1 billion yuan, up 63.5 percent. Land reclamation reached a new high as economic performance took an obvious turn for the better, set a record.
- Industrial production as well as transport, posts and telecommunications services expanded rapidly. The total value of industrial production was up 14.1 percent to 11.79 billion yuan, while the added value of industrial output was up 13.5 percent to 4.37 billion yuan. A satisfactory performance was achieved on the transport front. The handling capacity of coastal ports increased 11.4 percent to 15.12 million tons, with passenger transport remaining at last year's level and freight volume showing a 21.2 percent increase. Passenger flow at Haikou Airport reached a record 2.3 million, up 27.5 percent, making Haikou one of the 10 busiest airports in the country. The volume of posts and telecommunications services in the province rose 60.5 percent to 870 million yuan, exceeding the national average growth rate. The rate of telephone ownership was 3.95 percent for the whole province

and 15.6 percent for cities, both surpassing their respective national averages. Haikou continued to lead the country's provincial capitals with its 36 percent rate of telephone ownership

- The pattern of investment in fixed assets continued to improve, and key projects were further strengthened. Investment in fixed assets in the whole province (including the Yangpu Economic Development Zone) was 21.77 billion yuan, up 21.2 percent. Obvious improvements were made in the pattern of investment, with increases registered in the primary, secondary and tertiary sectors. In investment in capital construction, more funds were used on energy, transportation, telecommunications, and other infrastructural projects. Standard practices steadily developed in the real estate market. Total investment in 24 key projects was 4.6 billion yuan, up 80 percent. The size of investment in key projects, as well as their progress, quality, and completion rate, reached all-time highs.
- Revenue continued to grow, and the financial situation became more stable. Provincial revenue reached 4.33 billion yuan while expenditures totaled 4.07 billion yuan. Of these, local revenue amounted to 2.75 billion yuan, or an increase of 19.6 percent over 1993 calculated on the comparable basis, while expenditures totaled 4 billion yuan, up 3.9 percent. Income and expenditure were both satisfactory, with growth in income exceeding growth in expenditure. Savings deposits in state banks throughout the province amounted to 36.9 billion yuan, up 8.8 percent. Loans outstanding rose by 20.6 percent to 36.2 billion yuan.

The province was opened wider to the outside world and was on course for further development. Last year, a much greater number of large enterprises came to our province to discuss large investment projects and investment actually injected into projects also registered an increase. Foreign capital actually utilized in the province totaled \$1.29 billion, including \$898 million in direct investment and \$390 million in loans. The average amount of foreign investment contracts was about \$2 million, up 60 percent. Other than real estate and tourism, other areas which witnessed rapid growth in foreign investment were commerce, industry, agriculture, and the building industry. While most of the foreign investment came from Hong Kong and Taiwan, the percentage of investment from the United States, Japan, and other countries also registered marked increases. Smooth progress was achieved in the Yangpu Project, with 3.66 billion yuan already invested in its infrastructural development. Some 15 square km of land were leveled and power plants with a total generating capacity of 315,000 kw were built. Our province also successfully floated Samurai bonds amounting to 14.5 billion yen in Japan. These funds were mainly spent on infrastructure and agricultural development. The total volume of imports and exports showed a year-on-year increase of 5 percent to \$2.7 billion, with total exports growing by 9.5 percent to \$990 million, and imports at

ports increasing by 2.6 percent to \$1.71 billion. Hotels opened to overseas tourists received 2.896 million guests during the year. Income brought by overseas tourists was \$58.78 million, up 40.9 percent.

— Urban and rural markets were brisk, the percentage of price rises gradually dropped, and people's livelihood improved. The volume of retail sales of consumer goods was 9.35 billion yuan, up 28.5 percent from last year. The urban and rural markets were brisk and considerable progress was achieved in market development. Major breakthroughs were made in the building commercial and retail centers. There was an ample supply of commodities and consumer mentality was quite stable. The commodity retail price index was up 21.6 percent and the general consumer price index rose by 26.7 percent. Per capita income which city dwellers used for living expenses was 3,556 yuan, representing a year-on-year increase of 1.2 percent after allowing for price rises. Peasants' per capita net income was 1,274 yuan, up 5.6 percent after allowing for price rises.

— Comprehensive development was made in science and technology, education, and other social undertakings. The state approved 35 scientific and technological projects in the province and scientific and technological awards at the provincial level or above were won by 66 projects. New headway was made in the development of new products, the nurturing of technological markets, and the training of technological personnel. The pace of the commercialization and industrialization of scientific and technological achievements was quickened. Basic education was consolidated and developed and the rates of children of school age enrolling into schools and staying enrolled increased. Higher education, adult education, and vocational technical education further developed. Culture and art continued to thrive and achievements were scored in film and television production, journalism, publishing, and literary and art creation. Medical and health conditions gradually improved and improvements were made in the prevention and treatment of diseases. Environmental protection work was strengthened. The system of responsibility for birth control targets was implemented with satisfactory results. By the end of 1994, the total resident population was 7.114 million and natural birth rate was 14.5 per mille. New achievements were also scored in foreign affairs, Overseas Chinese affairs, civil administration, religion among ethnic minorities, supporting the Army and giving preferential treatment to families of army personnel and martyrs, the building of militia reserve forces, the comprehensive improvement of public order, the building of clean government, and other work.

In accordance with the instructions by the party Central Committee and the State Council, we did a lot of work in strengthening and improving macrocontrol, striving to

curb inflation, deepening reform, and opening the province further to the outside world during the past year. The following are some of the major areas to which we devoted our efforts:

1. We actively promoted reforms and laid the foundation for building a macroeconomic management system suited to the needs of the socialist market economy. In accordance with the unified state plan we carried out reform in taxation, finance, investment, foreign trade, foreign exchange, and other areas, achieving satisfactory results. At the same time, we introduced a number of major reform measures in accordance with the actual conditions in Hainan. First, as part of the policy to give preferential treatment to infrastructural projects, we promulgated the "Regulations on Comprehensive Compensation for Investment in Infrastructure in the Hainan Special Economic Zone [SEZ]." Preferential treatment and compensation on matters of land, taxation, project approval, and scope of operation were given to investors of infrastructural projects in an effort to pool funds from all quarters of society to strengthen the infrastructure. Second, we reformed the system of collecting highway charges by imposing a fuel surcharge on motor vehicles, reducing the types of highway charges, simplifying the collection process, and abolishing toll gates on highways. We also established a Provincial Bureau for the Collection and Supervision of Transport Charges, and strengthened management over the sale of fuel and the collection of fuel surcharges. Third, we further improved the social security system by introducing regulations regarding pension, unemployment, and industrial injury insurance, together with the relevant rules of implementation, and enlarging the coverage of social security. Fourth, we continued to promote the reform of the price system by replacing direct management of commodities such as real estate, chemical fertilizers, and rubber with dynamic management, appropriately readjusting the prices of commodities and services, such as the Qiongzhou Strait passenger (freight) transport charges, telephone installation fees, and electricity charges for the provincial power grid, and stopping random price increases and collection of fees. Fifth, we deepened the reform of the personnel system in enterprises by adopting the system of appointment for managers (directors) of state-owned enterprises and promoting the optimal distribution of human resources and the cultivation of entrepreneurs. New advances were also made in the reforms of property rights transactions and the housing system. The smooth progress of these reforms laid the necessary foundation for the establishment of a macroeconomic management system suited to the needs of the socialist market economy.

We also strengthened the legal system in the course of reform and organically combined reform with legislation. Last year, we promulgated 38 laws and regulations, including 16 local pieces of legislation examined and promulgated by the standing committee of the provincial people's congress and 22 local government regulations promulgated by the provincial government. At the same

time, we continued to strengthen supervision and inspection over law enforcement to ensure the implementation of laws and regulations.

2. We continued to attach top priority to rural work and devoted major efforts to developing "two-high, one fine" agriculture.

Governments at all levels in our province conscientiously implemented the guidelines of the central and provincial rural work conferences. They attached great importance to agriculture and rural work, continued to increase investment in agriculture, and organized capital farmland water conservancy construction and comprehensive agricultural development projects to increase the overall productive capacity of agriculture. They also accelerated the readjustment of the pattern of agricultural production. "Two-high, one fine" agricultural production bases for tapping local resources were established in many cities and counties. These production bases, including the production of: Mangoes in the southwest; aquatic products along the coastal areas in the east; bananas in the northwest; and winter vegetables in the southwest, southeast, and northeast, gradually developed into regional economies and expanded from south to north and from the coastal to the mountainous areas. Hi-tech agriculture, ecological agriculture, tourist agriculture, and floriculture started to thrive. As the market economy developed in the rural areas, the organizational form of the rural economy underwent profound changes and became more diversified, multilayered, and pluralistic. The state sector, the collective sector, the self-employed economy, the private sector, joint operations, the joint-stock cooperative system, and "enterprises plus peasants" competed against one another and specialized households, villages, and townships mushroomed throughout the province. We also took a variety of measures to support economic development in the old revolutionary bases, minority nationality regions, and poverty-stricken areas, conscientiously implemented the "87 Plan" for helping the poor, and achieved notable results in promoting developmental agriculture according to local conditions.

3. We strengthened the development of infrastructure and basic industries and improved the investment environment.

Our province strengthened the development of infrastructure and basic industries by deepening the reform of the investment system, raising funds through diverse channels, actively readjusting the pattern of investment, carefully organizing our work, and exercising strict management. Technological transformation yielded notable results in a number of industrial enterprises and smooth progress was achieved in key projects. The No. 1 and No. 2 generating units at the Nanshan Power Plant, and the No. 2 and No. 3 generating units at Daguang Dam Hydropower Plant have already started generating power. Phase one of the Daguang Dam upland irrigation area was completed at the end of June year and started

irrigation. Fenghuang International Airport at Sanya, which was opened to traffic on 1 July 1994, was made an open international port with the approval of the State Council. The eastern expressway will shortly be completed and opened to traffic. The polyester slicing plant [ju zhi qie pian chang 5112 7927 0434 3651 0617] and cold rolled steel sheet plant will soon be completed and start production. Construction of large industrial projects such as Hebang Oil Refinery, the Natural Gas Chemical Plant, and Changjiang Cement Plant, will commence soon. These industrial enterprises will be additional areas of economic growth for our province.

4. We attracted business and investment through frequent economic and trade promotion activities.

In order to ensure the progress of key projects involving imports from abroad and linkages at home, we divided the work and the responsibility among different levels, promptly passing on the necessary information to all those concerned. The whole province was involved in ensuring the success of these projects. Our province successfully organized the "Fifth Hainan Economic and Trade Talks," the "Third International Coconut Festival," "Project Talks With Korea," "Delegation of Hainan Province to the United States to Promote Investment and Economic Cooperation," "Economic Cooperation Talks with Germany," "Fourth Hyogo-Hainan Economic Exchange Committee Meeting," a Hong Kong news conference on "Property Rights Transactions in Hainan," "Project Talks with Singapore" and other trade promotion activities which all yielded excellent social and economic results. An increasing number of delegations have come to our province to visit and discuss investment possibilities. The number of multinational companies in this province also registered a marked increase. Last year, we received economic and trade delegations and businessmen from more than 20 countries and regions, including South Korea, the United States, Japan, Australia, and Taiwan, as well as from other parts of China. In attracting business and investment, we boldly tried out new methods and explored new spheres of investment. The gas-turbine project at the Qinglan Power Plant, the construction of which has already begun, is the first "BOT" [expansion unknown] project in our province. The unfolding of economic and technological cooperation in accordance with international practices has helped boost our work of attracting business and investment. Last year, a breakthrough was made in opening retail business to foreign firms.

Following the deepening of reform and the establishment of the Hainan Chamber of Commerce for Importers and Exporters, administrative functions such as the allocation of export quotas by public tender, the holding of exhibition and trade promotion activities overseas, and the coordination of foreign trade will gradually be passed on to the chamber of commerce. Import and export activities will be systematically opened in a comprehensive way and level by level. Reform will be carried

out on joint port clearance by joining different operations to facilitate customs declaration by enterprises and inspection by customs authorities. Industrial and commercial enterprises engaged in import and export activities are required to file with the authorities concerned, after which they will be issued a certificate of confirmation and may directly approach their customs offices for customs declaration registration. The 292 import and export enterprises which have been examined and approved by the provincial authorities and filed with the Ministry of Foreign Trade and Economic Cooperation, and which have been granted exports customs declaration rights, do not enjoy such rights indefinitely. Dynamic readjustment is carried out from time to time. Enterprises which have export customs declaration rights but fail to make foreign exchange earnings will have their rights revoked and will be replaced.

5. We strengthened macrocontrol, restored financial order, introduced standard practices into the real estate market, and curbed inflation.

In order to restore financial order and strengthen financial supervision, we promulgated the "Provisional Procedures of the Hainan SEZ for the Supervision and Control of Trust and Investment Companies" and the "Provisional Procedures of Hainan for the Administration of Pawnbroking"; strictly investigated and dealt with illegal financial operations, private lotteries and nonstandard pawnbroking; and settled illegal interborrowings, as a result of which financial order took an obvious turn for the better.

In order to promote the stable and healthy development of the real estate market in our province, we promptly readjusted the pattern of investment in real estate by shifting the emphasis to urban housing construction and concentrating efforts on the "home ownership project." At the same time, we drew up and promulgated rules and regulations for the standardization of the real estate market, strengthened the management of real estate transaction and evaluation organs, and developed the work of land evaluation and grading. In particular, the "Circular on Accelerating the Processing of Real Estate Certificates of Title" by the provincial government was widely welcomed by enterprises. At present, close attention is being paid to this work throughout the province.

As a result of a series of effective measures aimed at stabilizing prices, price increases in our province in the second half of last year were below the national average and this helped maintain market stability. The following are some of our major measures: First, in view of our high price level and drastic price increases at the beginning of last year, the provincial government promptly issued the "Circular on Strengthening Price Supervision Over Daily Necessities and Services for Residents" and the "Circular on Further Strengthening Price Control and Curbing Excessive Price Increases." Accordingly, we imposed price ceilings on the prices of major non-staple foods such as pork, strengthened the regulation

and management of "shopping basket" prices, put a brake on improper deeds by dishonest peddlers and traders to dominate the market and jack up prices, and protected the interests of consumers. Second, in view of the lack of clearly defined powers and responsibilities, poor management, and the fixing of prices beyond one's authority as a result of the failure to make timely readjustments on the limits of authority in the pricing of commodities in recent years, we have, in accordance with the relevant state stipulations, revised and promulgated the "Catalog of Commodities and Charges Subject to State Price Control in Hainan Province" to provide standards for price management. Third, we made an earnest effort to organize general price inspections and strictly investigated and dealt with random price increases and fee charges and other violations of discipline. Inspections were conducted on public telephone charges, postal and telecommunications charges, residential property management fees, and other charges about which the masses felt strongly and price monitoring was carried out on daily necessities such as rice, meat, fish, vegetables, and eggs. Based on fluctuations in the prices of these products, necessary control measures were promptly taken. Fourth, we conscientiously implemented the State Council's "Regulations on Clearly-marked Prices for Commodities and Services," and energetically promoted the marked price system to standardize market pricing and protect the legitimate rights and interests of consumers. At present, the marked price system is practised in over 80 percent of urban and rural areas in the province. Our province also did a lot of work in ensuring the supply of agricultural capital goods, and the procurement of farm and sideline produce, and grain procurement and storage both registered substantial increases.

6. We strengthened the promotion of socialist cultural and ideological progress and promoted the coordinated development of various social undertakings.

While developing the socialist market economy and boosting socialist material progress, we also stressed socialist cultural and ideological progress. We energetically launched ideological and educational activities with the emphasis on patriotism, collectivism, and socialism to enhance people's patriotic concepts. We also carried forward the spirit of the times and fostered healthy social tendencies. Fu Yingbo [0265 2503 2672], Zhang Miansheng [1728 2758 3932] and 10 other model persons and advanced units who exemplified the spirit of the times have formed their "Spirit of the Times Report Group" and visited various parts of the province to publicize their advanced deeds in emancipating the mind, relying on their own efforts, making painstaking efforts, showing selfless devotion to duty, taking pleasure in helping others, and acting bravely for a just cause. Heroes and advanced elements, including Zhu Yamin [2612 0068 3046], Wu Yihai [0702 5030 3189], and Huang Rongwen [7806 2837 2429] emerged in the subsequent drive to "emulate heroes, foster healthy trends, and act on what is right." We also unfolded

education on vocational ethics and public-mindedness to encourage a good social tendency. A total of 1.25 million people took part in activities of "learning from Lei Feng in work and fostering new practices in industry" and in "young volunteers" activities throughout the province. In Haikou, the extensive launching of activities for fostering civilized citizens, which was aimed at strengthening ideological and moral education, helped boost the image of the provincial capital. Last year, people from different walks of life donated 8.15 million yuan to help provide schooling for 20,060 children who were deprived of education in the mountainous areas.

Extensive activities to build civilized units have also brought the development of socialist culture and ideology to the grass-roots levels. A total 127 provincial-level civilized units, 93 advanced elements, and 160,000 "law-abiding households," "five-good families" and "double-civilized households" emerged. In addition, 807 units have been chosen for army personnel and civilians to work together to advance socialist culture and ideology. Wenchang County, Unit 54447, Jinpan Industrial Development Zone, and the Haikou branch of the People's Armed Police have been honored by the Central Propaganda Department and General Political Department as national models in joint efforts by army personnel and civilians to advance socialist culture and ideology.

Centering around the comprehensive improvement of public order and the so-called "Severe Blow" struggle, we strengthened propaganda on the legal system and made conscientious efforts to implement various tasks of the so-called "two-five" education for the popularization of law. Upholding the principle of "putting equal stress on crackdowns and prevention and effecting temporary as well as fundamental solutions," joint police-civilian crime prevention organs have grown from strength to strength. Party and government leaders at all levels have attached great importance to the "Severe Blow" struggle and made genuine efforts to grasp the work. Political and legal organs have gone all out to provide support, the public security police and armed police worked tirelessly round the clock, and people from all walks of life have actively participated in the work to make this a great success. We also took part in national antismuggling operations and achieved good results. For this reason, smuggling and the selling of contraband goods have not made too great an impact on our markets. Crackdowns on pornography, gambling, and drug-trafficking have produced notable social results. In the fight against corruption and the promotion of clean government, we have made genuine efforts to promote clean government, self-discipline, self-inspection, and self-rectification among leading cadres; resolutely punished corrupt elements; wiped out corruption; seriously handled cases of violation of law and discipline; and further promoted the building of clean and honest government organs.

We conscientiously implemented the principle of "promoting prosperity in Hainan through the application of

scientific and technological advances" and "relying on science and technology to develop the SEZ." We have launched 124 projects under five scientific and technological development programs, including the "Torch Program" and "Spark Program," in the high technology development zones, spreading the results from these zones to other parts of the province. These include 35 state projects and 89 provincial projects. The popularization of some of these scientific and technological achievements has yielded good social and economic results. Popular science education has received great attention and the study and application of science and technology has slowly developed into a common practice among the masses. We have also conscientiously implemented the State Council's "Decision on Further Strengthening the Protection of Intellectual Property Rights," devoted major efforts to publicizing the significance of protecting intellectual property rights, and checked up on and dealt blows to violations of intellectual property rights in the spheres of production and circulation.

We have conscientiously implemented the "China Education Reform and Development Program" and "PRC Teachers Law," making new headway in nine-year compulsory education. Some 99.02 percent of our school-aged children have enrolled in primary schools, higher than the 98 percent national average. Primary and secondary education is much better run. On the basis of ensuring government investment, we have further broadened the channels of funding for education. Last year, funds raised by various circles for education in the province exceeded 100 million yuan, an all-time record. We have also increased the intensity of education reform. The joining of forces in running schools has seen vigorous development. Meanwhile, we have deepened the reform of the internal management system in schools. In basic education, the open recruitment of headmasters and the system of overall leadership by the headmaster are being tried out on a larger scale in primary education, and the appointment system has been adopted in the recruitment of teachers. The "Hope Project" achieved notable results in the whole province. We have built or extended a number of cultural centers, libraries, and cinemas. "Round-the-island cultural galleries" have seen smooth progress and the cultural market has become more standardized and has thrived through consolidation.

Taking control of epidemic diseases as the central task, we have strengthened work in the three strategic areas of rural hygiene, preventive medicine, and Chinese medicine. We have strictly enforced various health regulations, conscientiously implemented the "Drug Control Law" and the corresponding methods of implementation, as well as other laws and regulations; implemented the State Council's "Urgent Notice on Further Strengthening Drug Control"; resolutely dealt blows at the manufacture and sale of fake and inferior drugs in violation of law; and consolidated the medical supplies market. Tremendous success has been achieved in the control of

epidemic diseases and the incidence of these diseases has been lower than the national average. Polio has been basically eliminated. Transformation has been carried out in some township health clinics. With the stress on the rural areas, we have vigorously grasped the implementation of the target responsibility system for population and birth control, achieving the control target for annual population control.

In government work, we always heed the opinions of people's deputies, members of the people's political consultative conference, and the broad masses. Last year, we handled 168 recommendations, criticisms, and opinions put forward by deputies of the provincial people's congress. These were all attended to and replied to by the end of September. Of these, 58 recommendations, representing 34.5 percent, have been adopted and the problems referred to have been resolved or basically resolved. In 59 cases, or 35.1 percent, the problems discussed are being resolved or have been put on the agenda to be resolved. All 164 proposals submitted by members of the people's political consultative conference were attended to and replied to by the end of August. Last year, the province received 11,521 letters and 7,942 visits from the masses. Basically, every letter or visit received attention.

Deputies! During the past year, people of all nationalities in our province have, under the leadership of the party Central Committee, the State Council, and the Hainan Provincial CPC Committee, worked hard in unity and completed the various tasks for 1994 with satisfactory results. The past year was one of sustained, rapid, and healthy economic growth; a year which saw the further deepening of reform and opening up; a year when great successes were achieved in infrastructural development; and a year during which satisfactory progress was achieved in various major projects. On behalf of the provincial people's government, I would like to express my heartfelt gratitude to the people of all our nationalities in the province for their trust in and support of the work of the people's government. I would also like to extend my sincere thanks to the officers and men of the Chinese People's Liberation Army stationed on the island, our compatriots in Hong Kong, Macao and Taiwan and those living abroad, as well as all friends who are concerned about and support the modernization of Hainan.

While recognizing our achievements, we must also be aware that there have been failings and mistakes in the work of the government and that there are still contradictions and problems in the midst of progress. The following are some of the main problems: Despite a slight fall in the extent of price increases, the price levels have remained high. Some enterprises have been sluggish in reform and poor in economic performance. Bank deposits of enterprise funds have been declining. There has been a shortage of funds and the quality of credit assets is in need of improvement. Public order is poor and heinous crimes are frequent in some areas. Discipline is lax and efficiency is poor in some government

departments and a small number of government functionaries are playing favoritism, practicing fraud, accepting bribes, and violating law and discipline in their work. We must pay great attention to these problems and make earnest efforts to solve them.

Targets and Tasks for 1995

This year is important for furthering the reform, opening wider to the outside world, and achieving modernization. We should conscientiously put into practice the principle of "seizing the opportunity, deepening the reform, opening wider to the outside world, promoting development, and maintaining stability"; make further efforts to handle the relations between reform, development, and stability well; speed up the establishment of the socialist market economy; and bring about sustained, rapid, and healthy economic development and comprehensive social progress in our province.

The targets set in our province's plan for national economic and social development this year are as follows: The GDP is to increase by 13 percent over last year. To achieve this, primary industry is to grow by 8 percent, secondary industry by 17 percent, and tertiary industry by 13 percent. Agricultural production is to increase by 8 percent to 10.9 billion yuan, while industrial production is to increase by 20 percent to 14.2 billion yuan. Investment in fixed assets is to increase by 15 percent to 25 billion yuan and the amount of foreign investment actually utilized is to increase by 12.5 percent to \$1.45 billion. Exports are to increase by 9.4 percent to \$1.08 billion. Local revenue will total 2.97 billion yuan, up 7.7 percent, and expenditure will amount to 4.21 billion yuan, up 5.3 percent. The balance of deposits in state banks will grow by 5.4 billion yuan, up 14.5 percent. New loans will total 6.7 billion yuan, up 18.5 percent. The volume of retail sales of consumer goods is to increase by 29.5 percent and the increase in consumer retail price index is to be kept below 15 percent. Total population at the end of the year will reach 7.26 million, and natural population growth rate is to be kept under 16 per mille.

As this year's economic environment and conditions show, these targets can be achieved through hard work on our part. What is more, it is possible for us to develop even faster. First, as the state continues to strengthen macrocontrol and curb inflation, macrorelations of supply and demand will further improve and the national economy will continue to grow at an appropriate rate. Second, as the reform continues to deepen and legislation gradually improves, the economy of our province will grow to become more systematic, standardized and mature. Investment in infrastructure and basic industries will gradually produce the anticipated results. Notable improvements have already been made in energy, transport, and telecommunications. Investment in industrial projects under construction or in the stage of preliminary preparation totals more than 35 billion yuan and a number of large and medium projects will

soon be put into operation. The readjustment of the industrial structure in the rural areas is picking up pace and tropical high-efficiency agriculture will continue its rapid development. When the tourist projects under construction are completed, our capacity to receive tourists will be greatly increased and the tourist areas will enter a crucial period of rapid development. Foreign businesses continue to have faith in Hainan and foreign investment continues to show good momentum. In short, as the country's macroeconomic environment continues to improve, economic and social undertakings in our province are expected to develop steadily and economic growth is likely to surpass that of last year's.

1. Continue to strengthen and improve macrocontrol and to curb inflation.

Inflation is a glaring problem in our present economic development. Although inflation in our province has been below the national average since the third quarter of last year, the general prices level remains high. Effective measures must be taken to control excessive price increases and make it obviously lower than last year's figure and lower than the national average.

The prices of basic livelihood needs must be brought under strict control. We must exercise strict control over the prices of electricity, chemical fertilizers, petroleum, grain, transportation, posts, and telecommunications. No upward readjustment in the prices of these basic livelihood needs will be allowed in the first half of this year. All cities and counties and all departments concerned must strictly adhere to the unified arrangements made by the provincial government and strictly enforce organizational discipline. Making price readjustments in violation of discipline or beyond one's authority and overcharging in the form of local construction fund contributions or surcharges are strictly forbidden. The prices of commodities and services must be clearly marked.

The administration of fee collection must be strengthened and random charges must be resolutely stopped. We must do a better job of the annual review of fee collection this year. In particular, something must be done about property management fees, application fees for approval of projects, and so on, about which the masses feel strongly.

Circulation order must be restored and market management must be strengthened. At present, we must focus our attention on the management of farm and sideline product markets and on circulation order. All farm produce fairs in cities and towns must set aside some stalls for peasants to directly engage in retail sales. Great efforts must be made to organize farm and sideline product markets at various levels to provide peasants with integrated production, supply, and marketing facilities. The establishment of wholesale markets is an important way to invigorate circulation, bring about the integration of production and marketing, and expand trade. Provincial farm and sideline produce wholesale

markets must be established in the major producing areas, distribution centers, and major cities, and regional wholesale markets for farm and sideline produce and capital goods must be established in various cities and counties, gradually developing a network of markets which covers all levels and provides different functions. At the same time, we must establish corresponding information systems and improve the means available for price monitoring to raise the standards of price forecasting and price expectation. Governments at all levels must improve their market regulations and management methods and take serious steps to solve problems of improper competition resulting from poor management of the markets. Resolute measures must be taken to deal with acts of bullying the market, jacking up prices, cheating, and selling fake and shoddy goods and to investigate major cases which cause serious harm to people's health or seriously disrupt social order.

Vigorously developing production to increase the supply of essential products is a fundamental measure for curbing price increases. In this connection, governments at all levels must further increase their awareness, make the "shopping basket" and "rice bag" projects important items on their agenda, and establish a system of holding mayors or county magistrates responsible for the success of these projects. Great efforts must be made to build "shopping basket" bases. All cities and counties must establish their own "shopping basket" development funds and allocate special funds for building "shopping basket" and nonstaple foods production bases. All-year vegetable production bases should be built in urban areas. The distribution of these production bases and marketing outlets should be included in urban planning, which should guarantee three li [0622], or 1.998 square meters, of vegetable plots per capita. Such plots may not be arbitrarily used for other purposes or occupied by any unit or individual. We must pay close attention to building national-level vegetable wholesale markets which combine the functions of procurement, sorting, storage, processing, and transportation; incorporate the production of off-season vegetables in the national "shopping basket" project; and establish links with the farm and sideline product markets in large and medium cities in the major marketing areas. Governments and grain departments at all levels must effectively strengthen the work of grain procurement. Public grain must be collected in kind and cash should not be accepted in lieu of grain. Grain departments must strive to do a good job of grain storage and the transfer of grain allocated to or from other places.

2. Speed up the development of tropical high-efficiency agriculture, bring about the prosperity of the rural economy, and increase peasants' income.

Our province has vast rural areas and the agricultural population makes up 80 percent of the provincial total. Hence, agriculture and the rural economy play a decisive role in the economy of our province. We must take the increase of peasants' income as our aim in further

optimizing the rural economic structure and take processing, transportation and marketing as our central tasks in vigorously developing tropical high-efficiency agriculture.

Efforts must be made to conscientiously implement the basic farmland protection policy. At present, special attention must be paid to the protection of basic farmland. In accordance with the state's "Regulations for the Protection of Basic Farmland," we must unfold the work of defining permanent basic farmland in our province. Once defined, permanent basic farmland may not be arbitrarily used for other purposes or occupied by any unit or individual. We must pay close attention to legislation in the basic farmland protection areas, so that there is law to abide by in the use and the protection of farmland. In order to develop a mechanism for the rational allocation of resources and the effective utilization of land, it is also necessary to implement the policy of extending the terms of land contract in our province and draw up regulations for the transfer of collectively-owned land in the rural areas.

We must strive to improve our self-sufficiency in grain and meat. On the basis of keeping the area of farmland sown to grain stable, we must strive to increase the per-unit yield of grain by relying on science and technology. We must intensify our efforts to build commodity grain bases. We should support the development of the economy in cities, counties, and townships where commodity grain production bases are built through joint investment by state, provincial, city, or county authorities, and by the peasants, bank loans, and other methods, and develop grain production by encouraging the subsidization and development of agriculture by industry. We should vigorously promote new agricultural techniques and improved strains, intensify our efforts to build seed stock breeding bases, and raise the standards of scientific farming by peasants. We must strive to build China's largest breeding base for improved southern strains in the next few years. At the same time, we should energetically develop pig and poultry production, establish large pig farms, increase the number of specialized pig-breeding households, and make full use of local resources to develop the breeding of mainly herbivorous animals and the production of various brand-name, high-quality, special, and animal products.

We should continue to readjust the rural economic structure, develop tropical high-efficiency agriculture and enlarge its scale of operation, and raise the level of the processing, transporting, and marketing of farm and sideline products. In the readjustment of the rural economy, it is necessary to: Work toward high efficiency, large scale of operation, regionalization, and the building of production bases; attach importance to the development of tropical agriculture, marine agriculture, suburban agriculture, tourist agriculture, and foreign-currency-earning agriculture; and to build large-scale agricultural production bases. We should continue to

give full scope to the advantage we enjoy in terms of marine resources to develop deep-sea fishing grounds; develop aquatic production in shallow coastal waters, reservoirs and rivers; and encourage the processing, storing, and transporting of aquatic products. All cities and counties should draw up and implement their own targets for the readjustment of the rural economic structure. It is necessary to readjust the product mix in accordance with market needs; import, select, cultivate, and promote improved and rare varieties which are suited to the actual conditions of Hainan; and actively foster the development of new economic growth points in the rural areas. It is also necessary to: Persist in organizing production around processing, transporting, and marketing; energetically develop secondary and tertiary industries in the rural areas; actively promote the integration of agriculture, industry, and trade as an organizational form of production; and to guide peasants in gradually developing economies of appropriate scale and specialization.

We should continue to increase investment in agriculture, strengthen the building of water conservancy infrastructure for agriculture and forestry, raise the overall level of agricultural production, strive to ensure the effective supply of agricultural capital goods, and increase the stamina of agricultural development. We should actively organize the propagation of scientific and technological achievements to increase the scientific and technological contents of agriculture; continue to organize the import and joint tackling of new technologies; and strive to produce achievements and results as soon as possible. We should unfold scientific and technological training at different levels and in diverse ways, popularize the knowledge of agricultural science and technology, strengthen the ranks of scientific and technological personnel in the rural areas, and continuously improve peasants' scientific and technological quality. We should also: Strengthen imports from abroad and linkage at home, the attraction of business and investment, and the import of technologies for agricultural projects; focus our efforts on strengthening links with tropical countries and regions where agriculture is well developed; and import their funds and technologies to develop agriculture.

Effective steps must be taken to increase peasants' income and to quicken our pace in shaking off poverty and becoming prosperous. Since sugar cane is an important agricultural produce which can guarantee county-level revenue and peasant incomes in our province, we must take effective measures to protect the peasants' interests and arouse the peasants' enthusiasm for growing sugar cane. At the same time, we must do a good job of providing agricultural services before, during, and after production and help peasants adopt new technologies to increase the unit-yield of sugar cane, in order to ensure a bigger increase in sugar production this year. Tropical crops and off-season vegetables are our strong areas. While stepping up the building of tropical fruit and off-season vegetable production bases, we must

guide peasants to change their old ideas; encourage diverse undertakings; turn our resources strength into commodity strength; help peasants enter various links of "cultivation, breeding, processing, and marketing"; and enable the peasants to play a real part in the market economy. Governments at all levels must fully recognize the arduous and pressing nature of the work of helping the poor in our province. We should make this an important item on our agenda; concentrate efforts on fighting this battle well; continue to grasp the building of water projects, power plants, and roads; continue to grasp the improvement of people's housing; effectively solve production and livelihood problems in poverty-stricken areas; and strive to enhance the ability of the poor to shake off poverty. Poverty-stricken areas must overcome the idea of "waiting for, relying on, and asking for" help. They must rely on their own efforts and change their poor and backward appearance through the development of production. Further efforts must be made to strengthen economic construction in the minority nationality regions. Government departments at all levels must make unified arrangements and continue to give old revolutionary bases, minority nationality regions, and poverty-stricken areas preferential treatment in terms of project approval and funds, in an effort to change the backward appearance of these areas. In particular, special attention must be paid to the development of township enterprises. All departments concerned must take the initiative to provide services and to help township enterprises solve their problems and anxieties. In developing township enterprises, it is necessary to identify the areas where breakthroughs can be made, effectively grasp imports from abroad and linkage at home, encourage the coexistence of diverse sectors, strengthen management, improve quality, and strive to achieve better results. Land-reclamation enterprises should increase the intensity of reform, accelerate their transformation into companies, change their operational mechanisms, speed up structural readjustment, and take the road of integration of agriculture, industry, and commerce.

3. We should focus efforts on reform aimed at the establishment of the modern enterprise system and continue to deepen various supporting reforms.

We should promulgate and implement the "Regulations Governing the Management of State-owned Assets in Enterprises in the Hainan SEZ" as quickly as possible, focus efforts on the establishment of a system of responsibility for the management of state-owned assets, and resolutely bring about the separation of the functions of the government and those of enterprises. State-owned assets in our province are to be managed on a commission basis, or on the authorization of the departments concerned, and efforts should be made to ensure that the value of their assets is maintained or increased. We should accelerate the circulation and transfer of enterprise property rights, encourage diverse property rights transactions, and allow individuals and various types of enterprises to participate in standardized property rights

transactions through share participation, holding, leasing, cooperative shareholding, amalgamation, merger, auction, and other means. We must lose no time working out administrative methods governing the transfer of state-owned assets so that the transaction of these assets can be carried out systematically in accordance with the law. Governments at all levels should properly organize property rights transaction activities by creating good policy conditions and a good market environment for investors. Through the circulation and transfer of state-owned assets, we should pool state-owned assets together to develop some basic industries or public utilities, make flexible use of state-owned assets as a whole, and optimize the structure of existing state assets.

We should continue to accelerate the transformation of enterprises into companies. All large and medium state-owned enterprises which meet the necessary requirements, particularly newly-established enterprises, should be reorganized or built into companies limited by shares, or into limited liability companies, by groups and by stages in accordance with the "Regulations Governing Companies Limited by Shares in the Hainan SEZ" and "Regulations Governing Limited Liability Companies in the Hainan SEZ." Based on actual conditions, standardized limited liability companies with pluralistic investment entities should be allowed to be established in various ways between different enterprises, between different interest entities, or between enterprises and their staff and workers. Standard practices should also be introduced into shareholding companies already established in accordance with both the abovementioned regulations. It is necessary to strengthen the systems of general meetings of shareholders, boards of directors and boards of supervisors in shareholding companies so that they can play their role to the full. It is necessary to boldly experiment with and gradually establish leadership systems, personnel and employment systems, and distribution systems suited to the modern enterprise system and gradually improve the self-constraint mechanism of enterprises.

We should continue to promote supporting reforms of the social security system, housing system, and other systems. While carrying out further reforms to improve the pension, unemployment, and industrial injury insurance systems, we should grasp the introduction of "Regulations Regarding Medical Insurance for Urban Employees in the Hainan SEZ," organize their implementation, establish a social medical insurance system which combines personal medical accounts with insurance against serious illness as quickly as possible, and gradually establish a social security system which is suited to the needs of the socialist market economy, which has diverse sources of funding, and which has multilevel security coverage. Under this social security system, rights and obligations are relative and management and services are community-oriented. We should conscientiously implement the "Decision by the State Council on Deepening the Reform of the Urban Housing

System" and speed up housing reform in cities and counties. In particular, we must lose no time working out procedures for housing reform in state-owned enterprises and effectively speed up the work of housing reform in enterprises.

The tasks of institutional reform in our province will be very arduous this year. While firmly grasping institutional readjustment and the formulation of a new plan for "three fixed quotas," a good job must be done of making the transition to the civil service system in provincial-level government institutions and in Haikou and Sanya. Institutional reform in cities and counties should be unfolded in full on the basis of experience gained from experimental reforms in Danzhou and Qionghai Cities and should be basically completed before the end of the year.

4. We should rationally arrange the scale of investment and focus attention on the optimization of the investment structure.

We should continue to focus investment on infrastructure and basic industries this year. Planning, fiscal, and financial departments should work in coordination and strive to secure funds for this year's key projects, ensuring their smooth progress in accordance with the principle of guaranteeing the needs of key projects, guaranteeing project completion, and guaranteeing a good job of final touching up. In this connection, we must see to it that the Capital Surface Water Plant and the natural gas transmission pipe project at Haikou, as well as the Chitian Reservoir water supply and irrigation project at Sanya, are completed and commissioned on time. Construction of the Daguang Dam irrigation and hydropower project, the eastern expressway, the posts and telecommunications project, the railway project, the natural gas chemical plant, Changjiang Cement Plant, the infrastructure in the Yalongwan state tourist resort, and Hebang Oil Refinery, should be carried out according to plan. Provincial departments concerned should actively seek more support and assistance from relevant state departments for major infrastructure and basic industrial projects in our province. We should step up our work of studying and formulating the "Procedures Regarding the Collection and Administration of Special Funds for Water Conservancy Construction," make active efforts to raise funds, speed up the development of infrastructure for agriculture and water conservancy, and do a better job in developing and utilizing the water resources of our province.

We should conscientiously implement the state's industrial policy and follow the guidance of market demand, taking the improvement of product quality, the reduction of material consumption in production, and the development of new "competitive" products as areas of emphasis and concentrate our limited funds on the acceleration of technological transformation in industrial enterprises. Making use of planning, fiscal, taxation, and other means, we should direct the bulk of real estate

investment to the building of economic and affordable housing, ordinary industrial and commercial housing, and the infrastructure in tourist resorts. We should be strict in the examination and approval of land-use applications and recover land which has not been developed after the deadline. We should also strengthen the work of planning and construction in small country towns.

5. We should open the country wider to the outside world and increase the intensity of maintaining economic and technological exchanges with other countries.

The import and export trade will see substantial development this year. We should continue to readjust the export product mix, increase the proportion of exports among Hainan's products, and improve the quality and grade of export products. At the same time, we should do a good job of importing goods in short supply, advanced technologies, and software in a planned and well-focussed way. We should foster production bases for export commodities and unfold activities of "one company, one product" in various import and export companies in our province. What this means is that each company should foster one or two "competitive" export products in order to create a steady source of exports. We should also continue to enlarge the scope of voluntary export quotas to be allocated by public tender and create a market operation mechanism. Restrictions on the scope of export business should be further relaxed. Apart from commodities subject to quota restrictions by the state, other commodities should be open to all and not subject to the existing scope of business of export enterprises. Positive support should be given to the export of local products. The export of Hainan products declared by foreign trade enterprises at domestic ports of the province should be given priority in applications for tax rebates and the export of Hainan products declared by production enterprises at domestic ports should be given priority in export plans. Efforts should be made to increase the volume of cross-border trade and to continue to simplify joint clearance procedures at ports.

In order to make more positive, effective, and rational use of foreign capital, it is necessary to grasp the improvement of the investment environment and the implementation of major projects as an important task. Governments and departments at all levels should enhance their concept of serving enterprises, effectively help Chinese and foreign investors solve their problems, and absorb more domestic and foreign funds. We should make a concerted effort to set to rights the handful of units which are sluggish and inefficient in work, especially those which blackmail or deliberately make things difficult for others, resolutely dealing with the ones responsible. In assessing the performance of city and county leaders, focus should be placed on their work in improving the soft investment environment of the places where key projects are located. We should bring the improvement of the soft investment environment into the legal framework by promulgating the "Regulations

Governing the Protection of the Rights and Interests of Investors in the Hainan SEZ" as quickly as possible. We should continue to adhere to successful experience in grasping major projects in 1994, carefully choose and decide on major projects which will play a key role in the economic development of our province in accordance with the requirements of the state's industrial policy, and do our best to attract large enterprises and consortia from outside the territory to invest in these projects. Foreign capital should be absorbed to develop the infrastructure, basic industrial projects, and hi-tech projects to earn foreign currency. The absorption of foreign capital should be better combined with the readjustment of the industrial structure and the product mix, as well as with the improvement of technological and managerial standards. Positive efforts should be made to increase the number of and duly declare projects funded by foreign loans, to encourage economically sound enterprises in our province to embark on financing or fund-raising activities abroad, and to secure as much noncompensated assistance as possible. In the key cities, it is necessary to further extend the experiment on allowing foreign firms to invest in large and medium commercial enterprises and secure approval for inviting foreign firms to run financial and insurance institutions, leasing companies, accountancy firms, law firms, and other intermediary organizations on a trial basis. We should do a good job of holding the "1995 Hainan Trade Fair" in Hong Kong. The Yangpu Economic Development Zone should give full scope to its superiority, continue to improve its infrastructure, optimize its investment environment, and strive to make new breakthroughs in attracting business and investment.

Capitalizing on the fact that Hainan will be the center for "China Resort 1996," we should make efforts to accelerate the development of our tourist industry. We should step up the development and construction of major tourist projects, increase the intensity of tourism promotion at home and abroad, strengthen management in tourism, and improve the quality of service. Efforts should be made to open air routes from Germany, Japan, and South Korea to Hainan. Provincial tourist departments, the departments and offices concerned, and the major resort cities and counties should, in accordance with the "Overall Plan of Hainan Province for China Resort 1996," and in light of the actual conditions in their units or localities, work out their own plans, fix their own targets, clearly assign responsibilities, implement the relevant measures, and do solid work in preparation for "China Resort 1996." The China Conference for the Promotion of International Tourism Markets and the China Domestic Tourism Trade Fair to be held in our province this year will help boost the status of Hainan at home and abroad and demonstrate its overall image as a province eager to open to the outside world. The provincial government calls on all departments, all cities and counties, and the people in all walks of life to make concerted efforts, work in close coordination, and

do their work well in pushing the development of our tertiary industry to new heights.

6. We should grasp the development of industry and transport, and improve the quality and economic performance of enterprises.

Focussing attention on the improvement of quality, the reduction of consumption, the promotion of exports, and the increase of effective supplies, we should select a number of technological transformation projects which are of a high standard and accelerate their transformation to foster new industrial growth points in our province. We should energetically open up the domestic and international markets, actively guide enterprises to develop products that have market potential and will produce good returns, and effectively grasp the work of limiting production, reducing excessive inventories, and promoting sales. We should continue to strengthen internal management in enterprises, unfold activities of "transforming the mechanism, grasping management, building up inner strength, and improving performance" in depth, and further tap the potential of enterprises to improve their economic performance.

We should continue to grasp the construction of major transport projects, ensure the completion of highway improvement projects throughout the whole province, and make proper arrangements for the development of communications and transport. We should continue to open up transport routes between the mainland and the island, restore transport order, and improve transport conditions, to facilitate the movement of people and the circulation of commodities. Efforts should also be made to grasp port construction and the reform of port management and we should also strengthen legislation for port management.

7. We should consolidate the results of reform and further bring into play the role of fiscal and monetary means as levers.

The new fiscal and taxation mechanisms of our province are developing along the right lines. In the course of this new year, we should further deepen the reform of the fiscal system in the province, and in various cities and counties, and gradually push forward the revenue-sharing system. We should further restore relations between the province and various cities and counties in revenue distribution on the basis of ensuring the vested interests of cities and counties under the fourth fiscal system. To ensure steady growth in revenue and a balance between receipts and payments, we should vigorously develop the economy, support the pillar industries, develop new sources of revenue. On the other hand, we should seriously handle taxation matters to increase revenue and continue to implement a suitably tight fiscal policy, insist on planning expenditures in the light of income, avoid deficits, and strive to maintain a balance between receipts and payments in the course of development. In our arrangements for fiscal expenditures this year, we should make sure that our party and

government departments have the necessary funds to effectively exercise their functions and that public institutions will have their normal operating expenses. We should suitably increase investment in agriculture and education, strengthen the development of public utilities, and improve the investment environment. We should also exercise strict control over nonproductive expenditure for fiscal purposes.

We should further grasp reform of the fiscal and taxation systems, improve the state and local taxation bureaus, put regulations governing the administration of tax service centers on a solid footing, straighten out the relations between different parties, and ensure the healthy development of tax collection and administration. The direction for the reform of the tax collection and administration system is gradually to abolish the system of special tax collectors and institute a system where taxpayers are required to file their own tax returns and pay the required amounts. We should further improve the method of tax collection and administration and gradually establish a new system of tax collection and administration throughout the whole province. Under this new system, tax bureaus will manage taxation in accordance with the law, taxpayers will file tax returns of their own accord, intermediary organs will handle tax matters on behalf of their clients, tax service centers (stations) will collect tax in accordance with the law, and the supervision of tax administration and the supervision of tax-related judicial administration will complement each other and work in harmony. The preferential policies made available to the Hainan SEZ should be upheld but no more tax reductions or concessions of profits should be offered this year. We should concentrate efforts on the investigation and handling of major cases of tax payment defaults or tax evasion to prevent the loss of central and local revenue.

We should be strict in budget management and control excessive growth in nonproductive consumption expenses. All units should strengthen budget management, adopting the necessary measures to minimize expenses on meetings, overseas trips, purchase of office equipment, telephone bills, car repairs, rent on housing for cadres, decoration and renovation, and so on. Nonproductive consumption spending above the budget will not be reimbursed. The corporate bodies of projects financed by support-agriculture funds, infrastructure funds, or technological transformation funds, or projects where the state has an investment or a controlling share, may not arbitrarily increase wages or issue subsidies or bonuses if they fail to yield results during the period of construction or after they were put into production. It is necessary to strengthen supervision over these enterprises through auditing to prevent the excessive conversion of investment in capital construction into consumption spending.

Efforts should be made to strengthen discipline in the settlement of bank accounts and to speed up the turnover of funds. Financial institutions should strengthen settlement management, restore discipline in settlement,

unclog the channels of settlement, hasten the realization of electronic money, and build a safe, fast, excellent, and highly efficient settlement network to ensure the rapid turnover of funds throughout the whole society.

Efforts should be made to invigorate the financial sector and improve the quality of credit assets. We should continue to take the absorption of deposits as the primary task of financial work in order to bring about a significant improvement in savings deposits in our province. We should make dynamic use of existing funds, strictly deal with overdue loans, and reduce the amount of overdue loans by about 15 percent. We should continue to readjust the credit structure, and give priority to enterprises which have good performance, ready market, and potential and which practice the modern enterprise system in granting loans. We should strengthen financial supervision with a view to stabilizing the financial order and standardizing the development of financial services in Hainan. On the basis of requiring nonbanking financial institutions to observe a given asset-liability ratio, we should gradually require state banks to keep asset and liability accounts.

8. We should strengthen social order and unfold the anticorruption struggle in a deep and sustained way.

A "hot" issue which the masses and foreign investors feel strongly about is the deteriorating public order in some places. This year, governments at all levels in our province must attach importance to the public order issue and further grasp the comprehensive improvement of public order. The first in command at every level must assume personal responsibility for the task, and a system of responsibility must be implemented at each level. Political and legal departments and law-enforcement agencies must strengthen themselves. Efforts must be made to establish and strengthen joint police-civilian organs for fighting crime, uphold the principle of "putting equal stress on crackdowns and prevention, and effecting temporary as well as fundamental solutions"; effectively strengthen the building of grass-roots units and continue to take effective measures to fully arouse the masses to prevent and fight crimes, crack down on criminal activities, eradicate gangsters and criminal gangs of a triad nature; and resolutely investigate and prohibit "pornography, gambling, and drug abuse and trafficking." Effective measures must be taken to check feudal superstition in the rural areas. It is necessary to implement resolute measures against the manufacture and sale of fake and shoddy products, smuggling, the selling of contraband goods, and other violations of law. Efforts must also be made to strengthen the protection of intellectual property rights. We should continue to grasp the promotion of clean and honest government and self-discipline among leading cadres, concentrate resources on the investigation and handling of violations of law and discipline, actively explore ways of "effecting temporary as well as fundamental solutions," make greater efforts to bring about the fundamental solution of problems, strengthen the supervision mechanism, and

eradicate the soil that breeds corruption. We should also work on the improvement of work style in government institutions, increase their concept of service, and improve their standard of service. Positive efforts must be made to unfold social ethics education and vocational education to develop a good social atmosphere.

9. We should actively develop various social undertakings and promote the advancement of cultural and ideological progress.

We should continue to implement the principle of "bringing about prosperity in Hainan through the application of scientific and technological advances" and make full use of the resources of our province to vigorously advance projects under the "Spark" and "Torch" programs. We should support the State Science and Technology Commission in doing a good job of the handover of "Hainan State Spark Project Demonstration Area" as well as the construction and management of this industrial park. We should also do a good job of the project approval and launching of the "Nanfan Breeding Research Center," a state-level key scientific and technological project. Efforts should be made to clean up and reorganize existing high and new technological industrial development areas. We should establish a system for the management of technological markets and put it on a solid footing, strengthen scientific and technological exchanges with foreign countries, and promote scientific and technological exchanges and cooperation between Hainan and Taiwan in the sphere of tropical agriculture. Positive efforts should also be made to study and draw up measures for promoting prosperity in Hainan through the application of scientific and technological advances and make the utilization of science and technology to develop Hainan's marine resources an important item on our agenda. We should further grasp the appraisal, importing, assimilation, popularization, and rewards of scientific achievements. Great efforts should be exerted to grasp popular science education, respect knowledge, respect talent, and continuously improve the quality of laborers. This year, we intend to convene the second provincial scientific and technological work conference; further work out measures for bringing about prosperity in Hainan through the application of scientific and technological advances; explore ways of integrating science and technology with the economy; draw up relevant policies, laws, and regulations for scientific and technological work in our province; and push our scientific and technological work to a new stage.

"Education is a fundamental task crucial for generations to come." We should further implement the "China Education Reform and Development Outline," conscientiously grasp the implementation of the nine-year compulsory education, vigorously develop vocational and adult education, pay attention to higher education, particularly teachers' education, and strive to raise the educational standards of the populace. We should further deepen education reform, increase investment in

education, improve education conditions and teachers' remuneration, and develop a new situation where the whole society pays attention to education, cares about education, and supports education. We should also properly solve the problem of children's schooling in old revolutionary bases, minority nationality regions, and poverty-stricken areas.

In accordance with the reform guideline of the Ministry of Health, that is, "ensure the needs of the rural areas and let go of the cities, ensure the needs of preventive health care and let go of medical care, and ensure the needs of basic medical treatment and let go of special treatment," we should concentrate efforts on grasping primary health care and maternity and child care in the grass-roots units and rural areas, take the prevention and treatment of epidemic diseases as the central task in launching health work, continuously improve medical facilities, and raise people's health level. We should actively launch the patriotic health movement centered around the building of hygienic cities (districts) and the improvement of the sanitary environment of the rural areas, effectively improve environmental hygiene in the urban and rural areas, launch mass activities of hygiene appraisal and competition, and vigorously publicize and promote good public health habits and ethics. We should continue to implement the principle of the coordinated development of economic construction and environmental protection in doing an effective job of environmental protection. Environmental protection departments must conscientiously exercise their supervisory and management functions in protecting the environment and protect the natural ecological environment in accordance with the law. Birth control departments must continue to focus their efforts on the rural areas, launch activities of "villages which meet birth control requirements," reduce the incidence of multiple births, and keep the birth rate and natural growth rate in our province under 22.7 and 16 per mille respectively. We should formulate and implement disaster alleviation measures to minimize losses inflicted by natural disasters.

We should continue to strengthen the building of the legal system and strive to complete the legislative plan for 1995. We should persist in governing the province in accordance with law by doing a better job of law enforcement supervision and inspection.

We should pay attention to national defense education and fully bring into play the role of the militia reserves in promoting material progress and cultural and ideological progress. We should deeply unfold "double-support" activities and the joining of efforts to further cement relations between the Army and the government and between army personnel and the people.

We should continue to make foreign affairs and overseas Chinese affairs serve economic construction, actively increase contacts with the outside world, and unite with the vast numbers of overseas Chinese and their families

and with overseas friends, to accelerate the development of economic and other social undertakings in our province. We should conscientiously implement Chairman Jiang Zemin's important speech on the reunification of the motherland and strengthen economic cooperation between Hainan and Taiwan.

We should strengthen broadcasting, television, journalism, and publishing work; attach great importance to building the color television center and cable television network in the province; continuously improve the quality of broadcasting, television, newspapers, and books; step up publicity for social science theories; carry forward the socialist theme; enliven the cultural markets in town and country; and provide the masses with good spiritual nutrients to meet their spiritual needs. We should continue to do a good job of keeping archives, historical accounts, and gazetteers. We should increase the number of cultural and sports facilities, promote the launching of mass cultural and sports activities, and earnestly organize sports programs with Hainan characteristics to raise the sports standards of Hainan.

We should vigorously grasp the promotion of socialist cultural and ideological progress; continue to unfold education on patriotism, collectivism, socialism, public mindedness, and vocational ethics in great depth; and carry forward the hardworking and pioneering spirit. We should also continue to unfold activities for the promotion of cultural and ideological progress, continuously raise the standards of civilized units, and improve the quality of the people of the SEZ.

10. We should work on and formulate the Ninth Five-year Plan.

In accordance with the Central Economic Work Conference, we are to take the formulation of the Ninth Five-year Plan as an important task this year. The Ninth Five-year Plan will in fact be the second five-year plan since the establishment of Hainan as a province, and since the establishment of the Hainan SEZ, and the proper formulation of this five-year plan will be of great significance. We should, on the basis of a thorough study of major problems, put forward a scientific and feasible Ninth Five-Year Plan that is suited to the actual conditions in Hainan and can provide guidance for the work. We should thoroughly analyze the stage of development and economic environment which Hainan will find itself in during the Ninth Five-Year Plan. We should be aware of the favorable factors and enhance our confidence but we should also consider the possible impact of the unfavorable factors. We should thoroughly study the major strategic principles, primary tasks, and policy measures for Hainan during the Ninth Five-Year Plan, and put forward clear-cut themes and targets of development. We should concentrate efforts on studying how we can: Lay stress on the key points and make full use of the advantages enjoyed by Hainan in terms of tropical vegetation and marine resources to accelerate the development of "two-high, one-fine" agriculture; rely on

scientific and technological advances to improve the scientific and technological quality of economic development; cultivate financial sources and look for new areas of growth for local revenues; energetically develop pillar industries; accelerate economic development in the old revolutionary bases, minority nationality regions; and poverty-stricken areas, and how we can do an effective job of fundraising to ensure the needs of development and construction. We must complete the outline for the Ninth Five-Year Plan before the third quarter of this year and, on the basis of extensive canvassing of opinions, submit the outline to the provincial people's congress for examination and approval in early 1996.

Deputies!

This is the last year of the Eighth Five-year Plan. We must conscientiously implement the plans of the party Central Committee and the State Council, persist in doing two types of work simultaneously, intensify the promotion of cultural and ideological progress, strengthen the building of party style and clean government, arouse all positive factors, and fight for sustained, rapid, and healthy economic development and all-round social progress in our province.

Southwest Region

Sichuan Lawyers Sue Province Over Infringement
HK1504070095 Hong Kong LIEN HO PAO in Chinese
27 Mar 95 p 1

[Dispatch by correspondent Tseng Hui-yen (2582 1979 3601): "Ten Lawyers in Chengdu, Sichuan Sue the Provincial Judicial Department"]

[FBIS Translated Text] New York, 25 March (LIEN HO PAO)—In a move almost unheard of since the founding of the nation, ten lawyers in Chengdu, Sichuan have collectively filed a lawsuit against their boss, the provincial department of justice. The case is being heard by the Sichuan Provincial Higher People's Court.

The acceptance by the higher court of a suit filed by "ordinary people against government officials" is generally seen as a sign of progress, although it may be related to the CPC's recent vow to "focus party-style building and the clean-government effort on combating corruption." Corruption among mainland officials of various ranks is so pervasive and serious that people are completely disillusioned with the government, which "boasts of crackdown but never takes action" and "promises more than it can deliver." The people are complaining loudly about this problem.

The Sichuan Provincial Attorney Office for Economic Affairs is the plaintiff who brought an administrative writ against its immediate superior, the department of justice. Opened in 1985, this was the province's first and

largest attorney office operating directly under the provincial authorities. Ten of the office's 14 special attorneys, headed by Cai Meili, a female attorney and deputy of the Chengdu City People's Congress, sued the provincial department of justice for depriving the office of its right to undertake an organizational reform and for infringing the personal and property rights of most members of the office.

In early February 1994, the attorney office submitted a "Report on Centralizing the Office's Organizational Reform in a Speedy Manner" to Zeng Xianzhang, head of the justice department, putting forward a reform package aimed at democratizing management to help the office adapt to market competition. The report asked that the office be restructured into a dynamic cooperative law firm, take itself out of the state bureaucracy, cut itself off from state appropriations, and be responsible for its own financial solvency and risk. The office did not receive any reply from Zeng Xianzhang. On 16 July of the same year, the former director and deputy director of the office resigned from their positions because they were running their own offices. Lawyers of the attorney office were shocked to hear from the former director that the office had spent all of its income of 6 million yuan and was running at a loss; they decided to reform the office's internal mechanism to put a stop to the losses and begin making profits.

A management board was chosen through democratic elections presided over by Zeng Xianzhang. The results of the elections were reported to higher levels, but no response was ever received. In October 1994, the department of justice announced a "decision on the 'restructuring' of the Sichuan Provincial Office for Economic Affairs [name of office as published]." Ten attorneys stated firmly that they would continue to work at the office. In November of the same year, the department of justice appointed, in the form of a "memorandum," two persons to be the director and deputy director of the attorney office, completely overriding the results of the office's democratic elections. The justice department also unilaterally drafted the "Regulations for the Sichuan Provincial Attorney Office for Economic Affairs," which concern personal and property rights.

Sichuan Plans To Make Xichang Space Center

OW1504162895 Beijing XINHUA in English 1426
GMT 15 Apr 95

[FBIS Transcribed Text] Chengdu, April 15 (XINHUA)—Xichang, China's only satellite launching location that is open to the outside, has mapped out an ambitious program to build itself into the country's Space Center.

In recent years the city has put great effort into urban infrastructures construction, and in creating a sound environment for foreign investment.

Located amidst the mountains of southwest China's Sichuan Province, Xichang is China's largest and most complete satellite launching facility.

Since putting the first synchronous satellite into orbit in 1989, Xichang has earned a worldwide reputation with its 10 subsequent successful launches.

A number of key infrastructure projects are underway, including Qingshan airport, which is one of the ten major airports in China, with air service to Chengdu, capital of Sichuan Province, scheduled daily, and flights to Kunming, the capital of Yunnan province, available, and charter flights to Beijing and Hong Kong being planned.

An extensive road network is to be built, and 30,000 program-control telephone lines to be installed, allowing direct dialing to more than 130 countries and regions around the world.

Xichang has also gotten approval as one of the country's inland open cities, together with an urban expansion program.

TV Commentary Views Clique's 'Criminal Designs'

OW1604112195 Lhasa Tibet Television Network in
Mandarin 1200 GMT 8 Apr 95

["TV Forum" commentary: "Thoroughly Smash the Criminal Designs of the Dalai Clique;" from the "Regional News Hookup" program]

[FBIS Translated Text] Over the past three decades or so, especially since the Third Plenary Session of the 11th CPC Central Committee, the party and government have gone to great lengths in their efforts to persuade, with a tender remonstrance, the Dalai clique to stop its activities aimed at splitting the motherland and abandon its reactionary stand on Tibet's independence so that the misled masses abroad will be able to return to the embrace of the motherland. We have, over the years, implemented the policy of allowing Tibetan people abroad to come and go freely, believing that all patriots belong to one big family whether they come forward early or later. Even to members of the Dalai clique, we have displayed extreme forbearance with our policy of letting bygones be bygones.

This lenient attitude of the party and government has not been reciprocated with the kind of response it deserves. The Dalai clique, on the contrary, has taken our policy of leniency as a sign of weakness, believing that they have a loophole to exploit. They have provoked a string of clashes at home and engineered a number of incidents that jeopardized national unity and the unification of the motherland, playing a role that anti-China forces in the West themselves are incapable of playing. We must not tolerate or treat it lightly anymore. Rather, we should wage a blow-for-blow struggle and deal a blow to their arrogance. We must be clearly aware that our struggle against the Dalai clique is not a question of religious belief or autonomy. It is, rather, a question of safeguarding national unity and opposing separatism, a struggle characteristic of one between ourselves and the

enemy. So long as the Dalai clique does not abandon the stand of splitting the motherland, our struggle against the Dalai clique will be irreconcilable and we will have to persist in the struggle against the Dalai clique and thoroughly smash the clique's criminal designs till final victory of the anti-separatism struggle.

Tibet To Dredge River for Flood Prevention

OW1504161095 Beijing XINHUA in English 1526
GMT 15 Apr 95

[FBIS Transcribed Text] Lhasa, April 15 (XINHUA)—The Tibet Autonomous Region will soon start dredging in the Lhasa River that runs through the capital city as a safety measure for the coming flood season.

Officials with the Tibet Autonomous Regional Water Conservancy Bureau said that the river, whose bed, in some sections, is about two meters above the average height of Lhasa, could endanger some 200,000 city residents.

The banks of the 20.76-kilometer-long section of the river running through the city will be re-worked before the flood season comes. Preparation of materials and equipment to be used has already started.

The river was dredged by the People's Liberation Army soldiers and local residents over 30 years ago when Tibet was liberated. However, the river bed has risen annually as the water carries a large amount of sand and silt, which piles up year after year.

Experts say that the dredging project will require 5.438 million yuan and will take several years to complete.

Old Tibetan Area in Lhasa Renovated

OW1704134795 Beijing XINHUA in English 1246
GMT 17 Apr 95

[FBIS Transcribed Text] Lhasa, April 17 (XINHUA)—An old part of downtown Lhasa with historical value has taken on a new look while retaining the traditional style thanks to renovation measures.

Covering an area of one square kilometer around the renowned Jokhang Temple, the old city is where Lhasa began to evolve over 1,300 years ago and has numerous Tibetan style buildings.

Despite its value, however, it was worn down with the passage of time and by lack of adequate care, with 90 percent of its buildings believed to be in "danger of falling down".

A massive campaign to save the old area began in 1979 when the municipal government decided to allocate special funds for the renovation work.

Up to 1990, a total of 50.5 million yuan (5.94 million US dollars) were spent on refurbishing old houses in an area

totalling 235,842 square meters, and for laying water pipes, paving roads with slate, and for fixing street lamps.

In giving support, the Central Government allocated 8.5 million yuan (one million US dollars) in 1985 to build a square in front of the Jokhang Monastery, which is a major tourist attraction.

On the eve of the 40th anniversary of the peaceful liberation of Tibet in 1991, the municipal government earmarked 1.23 million yuan for paving streets around Bargar Street, another major tourist attraction.

Since then, the municipal government has set aside special funds each year for the renovation work, and, in 1994, it set up a special committee to supervise the work.

With the help of the Ministry of Construction, the Lhasa City Government drew up an overall city development program and formulated rules and regulations concerning the renovation.

Yunnan Holds International Cooperation Symposium

HK1704075095 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 3 Apr 95

[FBIS Translated Text] The Symposium on the Economic Development of the Western Region of China (Yunnan Province) and International Cooperation was held in Kunming today. The symposium was jointly sponsored by the Yunnan Provincial People's Government and the Japanese International Study and Exchange Association. The symposium's main purpose is to introduce the development of Yunnan's economy and of its export-oriented economy, review its cooperation with other countries, the current situation and trend of its cooperation with Japan in particular, study and discuss special topics such as exploitation of transportation, energy, and mineral resources, environmental protection and cooperation between the four regions in the Lanchang Jiang and the Meigong He.

Governor He Zhiqiang attended and addressed today's opening ceremony of the symposium. On behalf of the provincial government, he extended warm congratulations to the opening of the symposium. He said: The southwestern region of China has the regional strong point of facing Southeast Asia and South Asia and abundant animal and plant resources as well as rich mineral and energy resources. It is one of the regions which have the greatest resources to be tapped for China's economic development.

The opening of the current symposium will have a positive role in accelerating the construction growth rate of the southwestern region of the country and promoting the economic cooperation between Southeast and South Asia. He said: Since the drive of reform and opening up to the outside world was launched, Yunnan has developed at an accelerated pace and its economic strength

has been boosted. It has a better understanding of the world. We will strengthen cooperation with persons of insight at home and abroad and relevant international organizations and associations, and expedite Yunnan's opening up to the outside world and development.

Hu Guocai, director of the Asian Affairs Department of the State Ministry of Foreign Trade and Economic Cooperation, (Shin Yasunobu), head of the Japanese government delegation, and (Teruyuki Akami), chairman of the Japanese International Study and Exchange Association, addressed the symposium. Vice Governor Liu Jing and persons in charge of relevant departments, such as the foreign affairs office and the provincial foreign trade and economic cooperation department attended the opening ceremony. Officials of the consulates general of Myanmar, Laos, and Thailand attended the symposium on invitation.

After the opening ceremony, Vice Governor Liu Jing, (Li Huaxiong), deputy director of the provincial foreign trade and economic cooperation department, and Japanese representatives gave lectures on special topics.

Governor He Zhiqiang gave a banquet in honor of Shin Yasunobu, head of the Japanese delegation, Teruyuki Akami, chairman of the Japanese International Study and Exchange Association, and their parties on the evening of 2 April.

North Region

Deputy Beijing Mayor Su Zhongxiang Disappears

HK1504060895 Hong Kong EASTERN EXPRESS in English 15-16 Apr 95 p 5

[By Staff Reporter]

[FBIS Transcribed Text] Suspicions are mounting in the Chinese capital that the former Beijing Public Security Bureau chief and deputy mayor, Su Zhongxiang, has been arrested. Sources in Beijing said that Su, also the former political commissar of the Beijing People's Armed Police with responsibility for guarding the Chinese capital, had been implicated in corruption charges.

Some said that Su had already fled the country and was now in Canada. Su was Public Security Bureau chief for nine years before he was replaced by Zhang Liangji, the bureau's deputy director, in late January.

Beijing PSB officers yesterday refused to comment on Su's whereabouts or on whether there had been any personnel changes lately in the bureau.

Su's disappearance came just after the suicide last week of Wang Daosen, one of Beijing's two executive mayors [title as published], and the detention last month of several personal aides to the top leadership in the municipal government. Wang, who was also the chairman of the powerful Municipal Planning Commission, shot

himself last week after he was under investigation for unspecified economic irregularities.

Last month, several former secretaries of the municipal party chief, Chen Xitong, the mayor, Li Qiyan, and another executive vice-mayor, Zhang Baifa, were detained. One son of Chen Xitong and one son of Li Qiyan are also believed to be under investigation on corruption charges.

Sources said that the atmosphere within the municipal government was very tense, and speculation was rife that there would be soon more arrests and a major shake-up of the local authorities was imminent. "Everyone knows that Wang shot himself, but there is much more going on here now," said a Beijing-based official, who refused to elaborate.

Beijing Steel Group Continues Upward Tread

OW1604053995 Beijing XINHUA in English 0227 GMT 16 Apr 95

[FBIS Transcribed Text] Beijing, April 16 (XINHUA)—The Capital Iron and Steel General Corporation (Shougang), a giant in the industry, continued its trend of increased production, with 1.46 million tons of steel, and 55.4 million US dollars worth of exports in the first quarter this year recorded.

This was reported in the latest statistics issued by company headquarters, which also indicated that the production and export value were 8.35 and 68.87 percent increases, respectively, over the same period of last year.

Since the beginning of the year, Shougang has used every means to concentrate on basing production on market demand, with output of ingots topping 1.5 million tons, a 19.72 percent increase over the same period last year.

With the introduction of some advanced equipment, the heavy rolling mills sped up the pace of improvement, with the quality of the operators also being markedly improved.

Shougang's new strategy in boosting production also involves redesigning product structure and attaching great importance to new varieties, thus increasing the number of products of which there is a market shortage.

Shougang also increased its sales staff and established some other sales channels, and saw a decrease of 59,200 tons of inventory in the warehouse, with total sales volume reaching 1.51 million tons, according to the statistics.

Foreign currency earning from exports saw a big increase, with steel up 70.31 percent, and mechanical and electrical products recording 9.37 million US dollars, 60.5 percent over the first quarter last year.

It has been learned that Shougang plans a total output of steel 8.9 million tons this year, and 7.3 million tons of rolled steel, with 5.6 billion yuan in net profits, and 1

billion US dollars in exports, increases of 8.05, 17.26, 7.7, and 23.46 percent, respectively, over 1994.

Inner Mongolia Cracks Down on Criminal Cases

SK1604042695 Hohhot NEIMENGGU RIBAO in Chinese 2 Apr 95 p 2

[FBIS Summary] According to statistics, the Inner Mongolia Autonomous Region cracked down on 3,630 appalling criminal cases in the last four months of 1994, captured over 7,000 criminals, and recovered stolen articles worth over 1.83 million yuan.

These appalling cases include crimes committed by four evildoers who were arrested in the Xilin Gol League's Zhengxiangbai Banner on charges of holding knives and robbing more than 1,000 yuan from 16 passengers riding a bus run by individuals; the cases cracked down in Siziwang Banner, in which criminals stole 107 large animals on 17 occasions worth 120,000 yuan; the cases of crimes committed by three evildoers who were arrested in Bairin Left Banner of Chifeng city, from whom 63,000 fake Renminbi banknotes were confiscated; and crimes cracked down in Huade County of Ulanqab League, in which 60,000 yuan were stolen from the safe of the county post and telecommunication bureau.

During the four-month period in 1994, the Hulun Buir League devoted itself to cracking down on cases of large animal thefts; Wuhai city devoted itself to cracking down on gambling cases; Xilin Hot city enforced responsibility system among its leaders in cracking down on criminal cases; Ih Ju League did a good job in checking the nonnatives who had no I.D. and household register and recovered lots of stolen articles and money; Bayannur League scored marked achievements in cracking down on criminal cases thanks to pooling on everyone's wisdom and efforts in conducting prevention and management; Ulanqab League succeeded in eliminating the marauding and waylaying along its highways; Hohhot city succeeded in dealing blows at "pornographic things" and "irregularities;" and Baotou city cracked down on more cases of bicycles thefts, which were committed by temporary personnel.

Tianjin Port To Undergo Expansion

OW1504024995 Beijing XINHUA in English 0237 GMT 15 Apr 95

[FBIS Transcribed Text] Tianjin, April 15 (XINHUA)—Tianjin Port, the largest in north China, will undergo expansion, in a bid to bring its total handling capacity to 100 million tons by early next century, according to a plan announced recently.

Under the plan, the port will inject 4.7 million yuan (552,940 U.S. dollars) for the construction of 12 deep-water berths each capable of containing ships exceeding 10,000 tonnage, before the year 2000.

The port some 200 km away from Beijing now has 63 berths, of which 45 are deep water docks, with total handling capacity estimated at 50 million tons this year.

"The capacity still falls short of the fast growing foreign trade", a port official said.

Among the seven projected deepwater ports to be located in the northern part of the port, three are 20,000-tonnage multi-function berths, two are 15,000-tonnage berths for sundry goods and the other two are 20,000-ton berths for passenger ships.

In the southern part, there will be two coal terminals, one handling 50,000 tons and other 35,000-tonnage, in addition to a 30,000-tonnage berth for liquified petrochemicals, a 20,000-tonnage berth for mineral ore and a 15,000-tonnage berth for non-metallic ore.

Furthermore, two cross-sea highways and a railway bridge are under construction at the port at present.

Northeast Region

Jilin Provincial Budget Report

SK1204022195 Changchun JILIN RIBAO in Chinese 8 Mar 95 p 5

["Excerpts" of the report on the fulfillment of Jilin Province's 1994 budget and on the 1995 draft budget given by Li Naijie, director of the Jilin Provincial Financial Department, at the third session of the eighth Jilin Provincial people's congress on 17 February]

[FBIS Translated Text] 1. Implementation of the 1994 Budget

The year 1994 was the first year for China to start the implementation of the new financial and taxation system. In line with the unified plan of the state, our province successfully carried out the reform of the financial and taxation system, including the new taxation system, the revenue sharing system, and the profit distribution system of state-owned enterprises, established the new tax collection and management system with the system of revenue sharing at different levels and the separate establishment of state tax and local tax organs as the main content, overfulfilled the state-assigned targets for increasing "consumption tax and value-added tax" and the local financial revenue budget task based on the province's sustained and rapid national economic development, and in financial expenditure, basically guaranteed the needs of funds for conducting reforms, opening up, and economic construction, and for improving people's living.

In 1994, the province's local financial revenue reached 5,124,230,000 yuan, which was 109.9 percent of the local budget of the year, up 21.4 percent over the previous year if calculated in terms of comparable standards; calculated in line with the stipulations of the new revenue sharing system and plus the consumption tax

and the value-added tax handed over to the state (75 percent), the financial revenue of all financial departments across the province reached 10,023,220,000 yuan, an increase of 19.3 percent if calculated in terms of comparable standards.

In 1994, the whole province's financial expenditure was 10,462,440,000 yuan, which was 86.6 percent of the budget, an increase of 10.5 percent over the previous year if calculated in terms of comparable standards.

In 1994, by adding the local financial revenue to the revenue from the central authorities' various subsidies, the left-over funds carried over from the previous year and the funds delivered to the province, and the power construction funds and the social insurance funds which were listed in the final account according to stipulations, the total revenue was 13,487,380,000 yuan. By adding the province's financial expenditure to the expenditure to be used for next year and the power construction funds and social insurance funds which were listed in the final account according to stipulations, the total expenditure was 13,556,100,000 yuan. Offsetting the revenue and the expenditure, the whole province had a deficit of 68.72 million yuan during the year. Of this, 22 cities and counties across the province succeeded in striking a balance between revenue and expenditure during the year and 27 cities and counties suffered deficits.

Last year, our province witnessed many contradictions in the reform of the financial and taxation system and experienced the heavy tasks of fulfilling the state-assigned target of increasing the "consumption tax and value-added tax" and the great pressure caused by the increase in expenditure while dealing with reform of the wages system. In the face with the difficulties and pressure, the party committees and governments at all levels paid great attention to and supported the financial and taxation work, and the financial and taxation departments, banks, all departments responsible for economic work, as well as enterprises, institutions, and units showed a high sense to the overall situation, coordinated with one another, made concerted efforts, achieved noticeable results in implementing the budgets, and laid a good foundation for deepening this year's reform of state-owned enterprises and all supporting reforms, and maintaining a sustained, rapid, and sound national economic development. During last year's implementation of the budgets, governments at all levels and all relevant departments mainly carried out the following few tasks:

A. They conscientiously implemented the new financial system and guaranteed the smooth implementation of the reform of revenue sharing system. Governments and the financial and taxation departments at all levels promptly studied and resolved the problems cropping up in the course of implementing the new system, formulated a series of supporting measures in line with the province's reality, and guaranteed the smooth and steady operation of the new system. In the light of the new situation in which all localities had difficulties in managing funds after the implementation of the revenue

sharing system, they promptly formulated methods for managing funds and did a better job in resolving the difficulties in managing the budgetary funds. They also participated in the formulation of over 70 policy measures for successfully running state-owned large and medium-sized enterprises and promoting the sales of property rights of state-owned medium-sized and small enterprises and the change of operational mechanism, and properly solved the financial problems related to reform.

B. They strived to collect funds and promoted a sustained, rapid, and sound economic development in the whole province. In order to comprehensively fulfill the task of making the economy jump to a new stage, they exerted efforts to increase the input of funds for developing the economy. During the year, they supplied 980 million yuan for supporting agriculture, up 12.2 percent over the previous year, and introduced \$18.3 million of loans from the International Agricultural Development Foundation and the World Bank. They supported the building of agricultural infrastructure facilities and bases for producing quality agricultural products and the comprehensive development of agriculture, achieved initial results in transforming the low-lying lands liable to water logging in Baicheng Prefecture, smoothly passed the state acceptance test for the province's second stage of agricultural comprehensive development project, and comprehensively started the third stage of the comprehensive agricultural development project.

They arranged 43 million yuan of funds for developing township enterprises and diversified undertakings, paid 4.5 million yuan for 120 million yuan of loans, and supported 45 projects of township enterprises and a number of diversified economic items. They tried by all possible means to collect and deliver 114.26 million yuan of relief funds which played an important role in combating floods, dealing with emergencies, restoring production, and rebuilding their homes. They collected 270 million yuan to support the project of producing 1 million tonnes of iron and steel of Tonghua Iron and Steel Company, the 300,000-tonnes ethylene project of Jilin Chemical Industrial Company, and the overall transformation and supporting projects of the No. 1 Vehicle Plant. Conscientious efforts were made to organize the implementation of the financial development plan, and through making remitting efforts continuously for several years. Last year, following Yanji, Qian Gou, Meihekou, and Gongzhuling, the province succeeded in enabling Yushu, Nongan, Dehui, Huadian, and Dunhua counties (city) enter the rank of counties each with a financial revenue of 100 million yuan.

C. They expanded measures for organizing revenue and overfulfilled the financial revenue target. The provincial government successively held the provincial meetings on the work of organizing the collection of revenue on three occasions and issued to the lower level three emergency circulars on "rapidly ending the great financial shortages." Governments in various localities generally established leading groups for organizing the collection of

revenue and established and implemented the system of making leaders assume responsibility for guaranteeing the collection of revenue. The financial and taxation departments at all levels and banks made concerted efforts to actively help enterprises collect and vitalize the use of funds, conscientiously screened tax reduction and exemption, dealt strict blows to tax evasion, and vigorously cleared up the default of tax payment. Many enterprises paid attention to the interests of the state and conscientiously exercised their bounden duty of paying tax and delivering profits. Through the painstaking efforts of the higher and the lower levels across the province, the province succeeded in exceeding the financial revenue target of 10 billion yuan and overfulfilling the state-assigned target of increasing the "consumption tax and value-added tax" and the local financial revenue task.

D. They strived to increase investment in key projects and guaranteed the needs for indispensable spending. Last year, under the situation in which there were a fairly great number of factors causing the reduction of revenue and the increase in expenditure during the wage reform, all localities persisted in guaranteeing funds for key projects and made rational arrangements for all sorts of expenditures. First, they guaranteed the increase of funds for science and technology, and education on a priority basis, and succeeded in increasing funds for these two purposes by 29.8 percent and 35 percent, respectively, over the previous year. Second, they basically guaranteed the implementation of the state policy on reform of the wage system, and through arranging for the budget and the overspending during the implementation, set aside more than 1 billion yuan for adjusting the wages, and put in place all the retroactive wage payments for most cities and counties. Third, they strived to do a good job in supporting the poor people in urban areas and arranged 4 million yuan to serve as funds for supporting the poor people in urban areas; implemented preferential policies in terms of finance and taxation in helping enterprises running at half capacity or brought to a standstill restore production, running tertiary industry, and helping workers with great financial difficulties find jobs on their own or engage in individual business; allocated 31.86 million yuan to serve as the risk-taking funds of grain and played a positive role in stabilizing the market prices of grain and oil-bearing crops.

E. They strengthened supervision over finance and financial affairs and achieved new progress in rectifying the financial and economic order. Efforts were made to conduct general inspection of tax revenue, finance, and prices. The province as a whole investigated and discovered 460 million yuan of illicit funds, of which, 350 million yuan should be handed over to the financial department, took over 240 million yuan, and turned them back to the state treasury. They conducted inspection on the management of nine special tolls such as "collecting tolls for passing roads, bridges, culverts, and

tunnels across the province," investigated and discovered more than 40 million yuan of discipline-violation funds of various descriptions, and handed over 20 million yuan to the treasury.

They made an inventory and check of the stockpiles and capital of state-owned enterprises, clarified and registered the property of administrative organs, institutions, and units, clearly investigated the assets of 2,949 enterprises which involved a total sum of 84.6 billion yuan, verified 13.17 billion yuan worth of state assets of the administrative organs, institutions, and organs, and laid a foundation for defining the property right relations of enterprises and strengthening the management of state assets of administrative organs, institutions, and units. Efforts were made to examine the financial budgets of 1,040 industrial, communications, commercial, foreign trade, and grain enterprises, discovered 190 million yuan of illicit funds, and handled them strictly in line with the financial and tax laws and regulations.

F. They reformed the method of managing the budget of reform funds, strictly controlled the unreasonable expenditure, and further alleviated the financial burdens. The provincial authorities implemented the method of managing the administrative funds of cities and autonomous prefectures, implemented the method of "replacing subsidies with awards" in the management of administrative and financial affairs of the cultural and educational organs of cities and counties, and mobilized the enthusiasm of cities and counties in strengthening the management and reform of the administrative and financial affairs of cultural and educational organs. The system of managing the meeting plans and the method of holding responsible for the meeting funds were implemented among party and government organs directly under the province. Under the situation in which the rise in the commodity prices was quite high, the spending on meeting funds declined to some extent from the previous year. Efforts were made to conduct general inspection on the discipline of controlling purchases and strengthened management over the use of foreign exchange during the overseas travels of the party and government cadres.

Last year, the main problems emerged in the implementation of budgets were: First, the economic efficiency of enterprises declined. Last year, after offsetting the profits and deficits, the net profits created by the local budgetary industrial enterprises across the province reached 470 million yuan, a decline of 76.4 percent from the previous year, of which, the deficits incurred by money-losing enterprises reached 890 million yuan, an increase of 46.3 percent in deficits. Second, the problems of delaying the tax payment were quite prominent in enterprises, thus resulting in a serious stagnancy in financial revenue, a strained situation in the allocation of budgetary funds, and a delay in the allocation of some expenditures which should be guaranteed, such as the wages for local workers of some localities. Third, the financial difficulties of some counties (cities) were aggravated. Fourth, the ideology of arduous struggle of some localities and units was weakened.

2. The Draft 1995 Budget

In 1995, the guiding ideology for arranging the financial budgets of the whole province is to further improve reform of the financial and taxation system, deepen reform of the state-owned enterprises and other supporting reforms, and promote improvements in the quality of efficiency of economic growth; implement the appropriately tight financial policy, actively increase revenue and reduce expenditure, strictly keep the budgets within proper bounds, further readjust the expenditure structure, and exert efforts to increase investment in key projects; strengthen and improve financial and tax management, fully tap the potential of increasing revenue, and enable the increase in financial revenue to keep pace with the economic growth; persist in keeping expenditures within the limits of income to realize a balance between financial revenue and expenditure in the whole province, and promote a sustained, rapid, and sound development in the national economy.

In line with the above-mentioned guiding ideology, the local revenue budget of the year arranged by the province will be 5,797,000,000 yuan, an increase of 10 percent over the previous year; plus the consumption tax and the value-added tax which should be handed over to the central authorities (75 percent), the province's financial revenue is planned to be 11,179,200,000 yuan, an increase of 10 percent over the previous year if calculated in terms of comparable standards; the financial expenditures arranged in line with the financial resources of the province during the year will be 10,164,700,000 yuan, an increase of 5.4 percent over the expenditures of the same standards of the previous year in the province.

3. We Should Continue To Deepen Reform, Strive To Increase Revenue and Reduce Expenditure, and Struggle To Fulfill the 1995 Financial Budget Tasks

A. We should consolidate and improve the new financial and taxation system and actively support and coordinate the reform of state-owned enterprises. It is necessary to conscientiously sum up the experience gained in implementing the revenue sharing system during the past year, promptly solve problems that crop up during the operation of the new system, improve and perfect the financial revenue sharing systems of the province and of cities and counties in line with the province's reality, and mobilize the enthusiasm of the city and county governments in managing finance. We should actively participate in experimenting with the modern enterprise system in select units and in establishing the social security system and the housing system, and promptly study and solve the financial problems in the course of conducting experiments in the select units. It is necessary to reform and improve the financial management system of townships and towns and mobilize the enthusiasm of township and town governments in managing finances. We should reform the grain and financial affairs management system and delegate the management of grain and financial affairs to cities and counties.

B. Centering on the objective of pushing the economy to a new stage, we should promote improvements in economic quality and efficiency. We should exert efforts to increase agricultural input, give special emphasis to developing "high-yield, fine-quality, and high-efficient" farming, give priority to supporting the building of agricultural infrastructure facilities, the rural socialized service system, and the "rice bags" and "vegetable baskets" bases, and support the cultivation of fine quality agricultural products and the popularization of new cultivation methods, as well as advanced and practical technologies. We should extensively collect funds, give special emphasis to the technological transformation of large and medium-sized enterprises experimenting with the modern enterprise system and 100 key enterprises, and promote economic structural readjustment in the whole province. It is necessary to adapt ourselves to the orientation of regulating the new financial and taxation system, support the development of the tertiary industry, township enterprises, and other non-state economic sectors, and cultivate the new financial revenue growing points.

C. We should strictly manage taxes in line with law and strive to fulfill the financial revenue task. Efforts should be made to strengthen supervision over tax administration, persist in managing tax in line with law, conscientiously clear up the problems of overstepping one's power to grant tax reduction and exemption, and check the acts of violating tax law, such as allowing people to pay taxes at a lower rate if they pay in advance, appearing to delay tax collection, but actually exempting tax payments under a disguised form. We should resolutely investigate and handle and deal blows to tax evasion and the law-breaking acts of falsifying the special invoices for value-added taxes and safeguard the sanctity of the tax law. It is necessary to uphold the principle of paying taxes before taking loans and guarantee that all taxes that should end up in the treasury is paid in full in a timely manner. We should do a good job in clearing up the default of tax payments of enterprises and strictly imposing fines in line with the tax law and regulations on those who delay tax payments. We should adopt resolute and forceful measures and strengthen management over the collection of personal income tax, tax revenue from the individual and private economic sectors, and other miscellaneous revenues.

D. We should conscientiously implement the appropriately tight financial policy and strictly control financial expenditures. It is necessary to uphold the principle of guaranteeing the key projects and give first priority to guaranteeing wages and relief funds. The increased portion of this year's revenue, in addition to being used for balancing the increased expenditures during wage reform and enabling the delayed payment of wages to be paid, will be arranged for use as agriculture-oriented, scientific, technological, and educational expenditures on a priority basis. We should promote the spirit of working hard and running undertakings industrially and thriftily and strictly controlling institutional purchases.

We should strictly prevent enterprises suffering deficits and delaying tax payments and wages for workers and the city and county administrative units that delay the payment of wages to workers from buying sedans or luxury and specially-controlled commodities; regarding the normal purchase or renewal of new cars, we should approve the purchase of only China-made or province-made cars without exemption. We will check and ratify the issuance of working funds strictly in line with the size of organs decided according to the organizational reform and cut the funds if the size of personnel is reduced. Continued efforts should be made to promote the method of managing the administrative funds of the "next level," holding people responsible for meeting funds, and contracting for the management of public medical funds, and step up efforts to study and formulate reform measures for managing public houses, telephones, and office vehicles of in-service cadres.

E. We should do a good job in building financial and legal systems and strengthen financial supervision and management. We should conscientiously implement the "budget law" and strengthen laws to keep the formulation, implementation, and readjustment of financial budgets at all levels within proper bounds. It is necessary to strengthen propaganda on financial laws, regulations, and policies and enhance the sense of financial law of all social sectors; conscientiously conduct the general inspection on finance, taxation, and financial affairs and all sorts of special supervisions and inspections on enforcing financial law.

F. We should strengthen management of the state-owned assets and safeguard and protect the rights and interests of the state-owned asset owners. Conscientious efforts should be made to implement the "regulations on supervising and managing the state-owned enterprise property," proceed from improving the relationship between the state property right and the enterprise property right, and actively explore effective ways for managing and operating state-owned assets. We should establish the target appraisal system focusing on appraising the rate of guaranteeing and increasing the value of state-owned assets and strengthen supervision over the appraisal of the targets of guaranteeing and increasing the value of state-owned assets; strengthen the management and supervision of assets appraisal organs and standardize their professional behaviors. Efforts should be made to strengthen the management of state-owned assets of Sino-foreign joint ventures and cooperative enterprises, strictly implement the system of appraising the assets and registering and guaranteeing the property rights, and safeguard the legal rights and interests of the state-owned assets owners. We should comprehensively carry out the work of clearing the assets and checking the capital and lay a good foundation for building the modern enterprise system and strengthening the management of state-owned assets.

Jilin Economic Development Work Report

SK1204035195 Changchun JILIN RIBAO in Chinese 8 Mar 95 p 5

["Excerpts" of report given by Bao Xuelong, chairman of the provincial planning commission, on fulfillment of Jilin Province's 1994 national economic and social development plan and on 1995 draft plan at the third session of the eighth Jilin Provincial People's Congress on 17 February]

[FBIS Translated Text] 1. Implementation of the 1994 national economic and social development plan of the province.

Jilin Province made bigger strides in reform and opening up in 1994, scored new achievements in economic construction and all social undertakings, and maintained a sound and rapid development in the national economy. The gross domestic product reached 9.74 billion yuan, which was 108.6 percent of the plan, up 14.1 percent over the previous year; the added value of the primary, secondary, and tertiary industries increased by 9.8 percent, 14.1 percent, and 17.8 percent respectively.

A. The rural economy was comprehensively developed. The agricultural output value totaled 38.36 billion yuan, which was 108.1 percent of the plan, up 10 percent over the previous year where grain output amounted to 20.15 billion kg, the second highest output year in history. Forestry, animal husbandry, and fisheries developed in a sustained way. The afforested areas reached 1.923 million mu, up 30.5 percent over the previous year; the output of meat totalled 992,000 tonnes, which was 137.8 percent of the plan, up 29.4 percent over the previous year; the output of aquatic products totalled 105,000 tonnes, which was 105 percent of the plan, up 7.1 percent. The comprehensive development level of township enterprises was greatly enhanced, and the total output value reached 46.42 billion yuan, which was 116 percent of the plan, up 42.7 percent over the previous year.

B. Industrial production increased continuously. The total industrial output value reached 130 billion yuan, fulfilling 103.4 percent of the annual plan, up 18.9 percent over the previous year, of which the total output value of industries at and above the township level reached 108.4 billion yuan, up 13.7 percent, and that of large and medium-sized industrial enterprises, 74.95 billion yuan, up 11.9 percent.

C. The investment in fixed assets increased appropriately and the pace of building key projects was accelerated. The total investment in fixed assets in the whole society reached 29.28 billion yuan, which was 105.1 percent of the plan, up 15.5 percent over the previous year, but the increase showed a decline of 52.4 percentage points from the previous year. Of this, the local investments reached 22.83 billion yuan, which was 114.1 percent of the plan, up 18.8 percent, but the increase

dropped by 63.5 percentage points. The rate of investment in fixed assets of the whole society reached 34.7 percent. The progress of the province's 10 major projects was accelerated. The investments in the project of producing 150,000 Volkswagen sedans of the No.1 Vehicle Plant and the province's key construction projects topped 10 billion yuan, accounting for 55 percent of the total investments in state-owned units.

D. Tertiary industry and the individual and private sectors of the economy increased rapidly. The added-value of tertiary industry reached 28.5 billion yuan, fulfilling 124.4 percent of the plan, and accounting for 29.3 percent of the gross domestic product. Communications, transportation, post and telecommunications developed steadily and the whole province's railway freight transport volume reached 70.70 million tonnes, the same as the previous year; the highway freight transport volume reached 143.93 million tonnes, up 14.3 percent; the volume of passenger travel handled by civil aviation reached 720,000 people, up 41.2 percent; the volume of postal and telecommunications services reached 1.5 billion yuan, up 42.9 percent. The nonstate economic sector grew rapidly; there were 760,000 individual and private enterprises across the province with more than 1.2 million workers.

E. The market circulation was brisk and the people's living standard was steadily enhanced. The province's retail sales of consumer goods in society totalled 39.67 billion yuan, up 21.9 percent over the previous year. The average per capita net income of peasants was 1,272 yuan, which was 127.2 percent of the plan, showing an actual increase of 9 percent over the previous year if the price rise factors were deducted; the average per capita income of urban residents for living expenses reached 2,311 yuan, fulfilling 115.5 percent of the plan and showing an actual increase of 6.5 percent over the previous year if the price rise factors were excluded.

F. Financial income continued to increase and the banking situation was stable. The province's annual financial revenue reached 10.02 billion yuan, an increase of 19.3 percent over the previous year if calculated in terms of comparable standards, of which, the local revenue was 5.12 billion yuan, up 21.4 percent. The financial expenditure was 10.46 billion yuan (including the annual spending of the lumps payment of special subsidies from the central authorities), an increase of 10.5 percent if calculated in terms of comparable standards. The total bank savings of various descriptions across the province amounted to 61.13 billion yuan, an increase of 13.51 billion yuan over the figure registered in the beginning of the year; the total bank loans reached 109.98 billion yuan, an increase of 16.59 billion yuan over the figure registered in the beginning of the year.

G. Foreign economic relations and trade developed rapidly and the functions of opening up were further intensified. During the year we newly approved 1,064 foreign-invested enterprises and actually used \$910 million in foreign capital, fulfilling 108 percent of the

annual plan. The annual imports and exports totalled \$3.58 billion, up 20.1 percent over the previous year, of which, the volume of exports totalled \$2.02 billion, which was 101 percent of the plan, up 25.1 percent.

The construction of key projects for the opening of border areas to reach the sea was successively carried out. The construction of the railway section from Hunchun to Changlingzi port of the Tumen-Maharino international railway was making headway; nearly 80 percent of the earth and stone work of laying the roadbed of Changchun-Siping expressway was completed; the project of expanding the terminal for international flights of Changchun airport was put into operation; the main runway of Yanji airport renovation project was completed and went into operation; the construction of the Beijing-Harbin optical fiber trunk line running through the whole province was completed; there were 1.2 million-channel program-controlled telephone switchboards in the cities across the province.

H. The role of scientific and technological progress was strengthened and social undertakings were comprehensively developed. The province's project of producing 300 new products on a trial basis was completed, and 50 out of the 100 new products for priority development during the Eighth Five-Year Plan period reached a certain economic scale, and these new products increased the output value by 2.2 billion yuan and created 450 million yuan in profits and taxes. More than 50 percent of counties (cities, districts) across the province popularized the nine-year compulsory education, thus making the province enter the rank of advanced provinces of the country. The ordinary institutions of higher learning under the province enrolled 15,502 students, and secondary specialized schools enrolled 35,957 students, an increase of 1.4 percent and 32.4 percent, respectively over the previous year. The construction of cultural and sports facilities was strengthened, the medical and health-care level was enhanced, the population quality improved, and the natural population growth rate reached 7.76 per thousand, which was controlled within the planned target.

In the course of maintaining a fairly rapid economic development, some problems still merited our attention. First, the rise in commodity prices was too high. The rise in the retail prices of commodities across the province was 19.9 percent, and what was fairly prominent was that the prices of the means of agricultural production and of the goods essential for people's living rose fairly high. The rise in the retail prices of food items reached more than 30 percent, thus affecting the general level of retail prices of the year by 12 percentage points. Second, the economic efficiency was not good enough. The profit-tax rate of funds of industrial enterprises across the province was 7.34 percent, which was basically the same as the previous year but lower than the planned target; the sales rate of industrial products was 94.9 percent, which was lower than that of the previous year by 1.2 percentage points. The deficit range and volume

of budgetary industrial enterprises increased to a certain extent. Third, some state-owned enterprises had difficulties in production and management. Fourth, the contradictions between the supply and demand of funds still remained very prominent. Fifth, the agricultural infrastructure facilities were weak, the ability of the agricultural sector to combat natural disasters was poor, and the level of converting farm and sideline products and of rural socialized service still remained very low.

2. The arrangements for the 1995 national economic and social development plan.

In line with the guidelines of the fourth plenary session of the sixth provincial party committee and the economic work ideas defined by the provincial economic work conference, the main objectives of this year's national economic and social development plan are:

The gross domestic product should increase by 10 percent, of which, the added-value of tertiary industry should increase by 14 percent; the added-value of agriculture should increase by 4 percent, the total grain output should be kept at the level of more than 19 billion kg, and the total output value of township enterprises should increase by 20 percent; the added-value of industry should increase by 11 percent and the profit-tax rate of funds of industrial enterprises should be raised by 1 percentage point; the scope of investment in fixed assets in the whole society should increase by 20 percent, of which, the scope of local investment should increase by 15 percent and the rate of investment in fixed assets should be about 35 percent; financial revenue should increase by 10 percent; the total retail sales of consumer goods in society should increase by 17 percent; the rise in the retail prices of commodities in society should be controlled at 13 percent or so; the total volume of foreign export trade should increase by 10 percent; the average per capita income for living expenses of urban residents should actually increase by 5 percent and the average per capita net income of peasants should actually increase by 4 percent; the natural population growth rate should be controlled at 12 per thousand.

A. We should continue to comprehensively develop the rural economy. Centering on steadily increasing grain production and expanding agricultural input, we should mainly grasp well the project of increasing grain production by 10 billion kg and stabilize the grain sowing areas at 53 million mu. Concentrated efforts should be made to grasp the project of intensively processing 1 million tonnes of corn and 12 projects of converting six categories of livestock and poultry. It is necessary to adjust the planting structure, actively develop fine quality of corn, soybeans, and special paddy strains, increase the production of economic crops, and do a good job in linking production with marketing.

B. We should regard the enhancement of economic efficiency as the central task and maintain an appropriate industrial growth. The planned output of major products are: 22 million tonnes of raw coal; 3.1 million

tonnes of crude oil; 25.8 billion kwh [kilowatt-hours] of electricity, of which, 4.8 billion kwh of electricity should be generated by hydroelectric power stations; 1.15 million tonnes of steel; 5.1 million cubic meters of timber; 6.6 million tonnes of cement; 260,000 tonnes of chemical fertilizer (100 percent effective content equivalent); 240,000 vehicles (of which, 70,000 should be sedans); 57,000 tonnes of chemical fibers; 50,000 tonnes of sugar; and 620,000 cases of cigarettes. The frequency of the turnover of industrial working funds should increase by 0.1 times, the all-member labor productivity should be raised by 10 percent, and the energy consumption for producing 10,000 yuan worth of gross domestic products should drop by 3 percent.

C. We should rationally arrange for the investment scope and concentrate efforts on guaranteeing the construction of key projects. The scope of investment in fixed assets in the whole society should be arranged at 35.1 billion yuan, of which, the scope of local investment in fixed assets should be 26.1 billion yuan. Of the investment in local state-owned units, the investment in capital construction should be 10.59 billion yuan, up 15.7 percent, and that in technological transformation, 5 billion yuan, up 30 percent. The province will invest 12.5 billion yuan in the key construction items, up 20 percent over the previous year. This investment should be mainly arranged for use in the project of producing 150,000 Volkswagen sedans of the No. 1 vehicle plant, the project of the No. 2 power generating units of producing 300,000 kw of electricity of Shuangliao Power Plant, the 300,000 tonnes-ethylene project of Jilin Chemical Industrial Company, the project of diverting Songhua Jiang water to Changchun, and the Changchun-Siping expressway project. In technological transformation, we should mainly grasp the 61 key transformation projects of 100 large and medium-sized enterprises, and guarantee that all of these projects will be put into production by the end of the year. Efforts should be made to grasp well the pre-phase work for some follow-up projects that affect the overall situation. This should mainly include the second phase of Jilin Xinyuan corn project, the 60,000-tonnes acrylic fibers project of Jilin Chemical Fiber Plant, Changchun-Jilin expressway, and the Songyuan project of intensively processing 300,000 tonnes of corn.

D. We should actively organize market supply and make proper arrangements for the people's living. During 1994-1995, the state-assigned purchase of grain will be mainly used for arranging grain rations for residents and for military needs and relief. We should actively strive for state allocation of sugar and process some imported raw sugar in an effort to guarantee the supply of edible sugar in the province; develop the hog raising industry, rationally arrange for the amount of commodity hogs, and satisfy the province's market needs; organize the supply of the means of agricultural production, guarantee the total supply of chemical fertilizers, adjust the varieties, and make the province set unified prices for chemical fertilizers to be allocated in a unified manner.

In line with the state demands, the refined oil, agricultural plastic sheetings, agricultural chemicals, tobacco leaves, and salt should be continuously placed under planned management.

E. We should maintain a steady increase in financial revenue and make rational arrangements for credit funds. In financial revenue, we should strive to make it reach 11.18 billion yuan. It is necessary to exert efforts to increase savings deposits. Under the plan, the bank loans of all descriptions should increase by 17 billion yuan; and all sorts of savings should increase by 14 billion yuan.

F. We should expand foreign trade and develop the export-oriented economy. The planned arrangements for foreign export trade should be \$2.2 billion. Through adopting various forms to actively invite business and introduce capital, we should make the actual use of foreign capital reach \$800 million. It is necessary to vigorously develop export of labor services and tourist industry and strive to increase non-trade foreign-exchange earnings.

G. We should promote scientific and technological progress and develop education and all kinds of social undertakings. By integrating optical and precision machinery with electronics and tackling the key scientific and technological projects in the fields of biological engineering, new materials, and electronics information, we should give play to the radiation and impetus roles of the high and new technologies. We should also organize the implementation of the project of making high and new-tech industries produce 1 billion yuan.

Continued efforts should be made to place education in a priority development position. Priority should be given to promoting the nine-year compulsory education. We plan to enroll 16,000 students into ordinary institutions of higher learning and 35,000 students into ordinary secondary specialized schools. We will further grasp the three projects of building primary and middle school buildings, cultural centers, and rural health clinics. It is necessary to do a good job in mass sports activities and invigorate cultural, film, and television undertakings.

We should uphold the basic national policy of family planning and attend to family planning work. It is necessary to pay attention to environmental protection and the comprehensive improvement of state lands, and promote a coordinated development in the province's economy, society, and environment.

3. We should strengthen and improve the macroeconomic regulation and control and strive to realize the objectives of the 1995 national economic and social development.

A. We should curb inflation, regard it as the primary task of macroeconomic regulation and control, and grasp it well. First, we should continue to grasp the projects of the "rice bags" and "vegetable baskets," implement the supporting policies, and increase the supply of essential

goods. We should balance the total supply of major commodities that affect the national economy and the people's living and actively organize the sources of goods to make up for the shortage of natural resources in the province. Second, we should further strengthen supervision and management over market prices in line with the law. Continued efforts should be made to implement the responsibility system of making mayors and heads of autonomous prefectures control the price targets and strictly control the issuance of newly adjusted price items. We should establish and perfect the systems of reserving some major commodities and setting market risk-taking funds and give full play to the role of grain departments and the supply and marketing cooperatives as the main channels for market circulation and stabilizing prices. It is necessary to conscientiously implement the "provisional regulations for preventing people from seeking exorbitant profits," vigorously conduct activities to fight monopolization, exorbitant profits, and price swindling, and seriously handle in line with the law all kinds of illegal behaviors and personnel who force the prices up, manufacture and sell fake and inferior commodities, and cheat customers and corner the market. Third, we should proceed from the sources of funds, rationally control the scope of investment in fixed assets, and curb the overly rapid increase in consumption funds.

B. We should strengthen the joint forces and accelerate the pace of structural readjustment. It is necessary to do a good job in formulating plans for various trades and organization the implementation in a step-by-step manner. In the adjustment of product mix, we should give priority to implementing the strategy of using brand-name products to uplift the economy, give particular support to key products that have strong competitive ability and are marketable, and enable them to reach a certain scale as quickly as possible. Meanwhile, we should specify the development of a batch of new products with good market prospects, advanced technology, and high added value and some products that can create foreign exchange through export. In readjusting the organizational structure of enterprises, we should mainly promote transregional and trans-trade economic and technological associations and develop the "science-industry-foreign trade" and "agriculture-industry-commerce" integrated businesses and enterprise groups.

C. We should continue to deepen reforms and implement all reform measures. In reform of state-owned enterprises, we should regard the establishment of the modern enterprise system of clearly defining the property rights and the responsibility, separating government functions from enterprise management, and giving scientific management as the objective and accelerate the change of enterprise operational mechanism. We should persist in combining reform with reorganization and transformation, attend to the experiment of establishing modern enterprise system in selected units and the work

of changing enterprise operational mechanism. Meanwhile, we should also advance reform of the social security and housing systems in a coordinated manner.

In the reform of the planning system, we should mainly strengthen the functions of planned regulations and control, strengthen the monitoring and forecast of macroeconomic performance, give full play to the role of policy and information guidance, and in line with the state legislative procedures, gradually shift the national economic plan and the management of all sorts of undertakings onto the orbit of the law. In reform of the investment system, we should mainly make further efforts to standardize the investment behavior and methods of collecting funds, and establish the self-restraint mechanism; continue to improve the project application, registration, and filing system and the system of making the legal persons assume responsibility

for the project investment. In the reform of the financial and taxation system, we should mainly further consolidate and improve the new tax system and strengthen the collection and management of tax revenue. In the reform of the banking system, we should mainly make further efforts to do a good job in delimiting and separating the policy-related banking business from commercial banking business and attend to the experiment of organizing and establishing cooperative banks in the urban areas.

D. We should concentrate energy on compiling the Ninth Five-Year Plan. It is necessary to concentrate energy and time on organizing the forces of relevant departments to comprehensively conduct the work of compiling the Ninth Five-Year Plan and attend to the pre-phase work of a number of transcentury major follow-up projects well.

CPPCC Leader Views Li Teng-hui's Proposal

HK1704092195 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1203 GMT 10 Apr 95

[By reporter Hong Wen (1738 5113)]

[FBIS Translated Text] Hong Kong, 10 Apr (ZHONGGUO TONGXUN SHE)—Li Teng-hui eventually made an official response to the eight-point proposal on Taiwan made by Jiang Zemin during the Spring Festival. Xu Simin, member of the CPPCC [Chinese People's Political Consultative Conference], said that in his six-point proposal, Li Teng-hui did not mention a word about the "one-China" prerequisite. Instead, he tried to urge Beijing to unilaterally declare that it will not resort to force in resolving the Taiwan issue. Apparently, this "trick" is not wise. Li Teng-hui himself knows clearly that Beijing will not fall into his "political trap."

Li Teng-hui's six-point proposal includes: He hopes that the CPC will pursue unification based on the reality of divided rule on the two sides of the strait; the two sides will strengthen cross-strait cultural exchanges; the two sides will increase economic and trade contacts; the two sides can participate in international organizations on equal footing; the two sides can adopt peaceful means to settle the disputes; and the two sides can jointly maintain the prosperity of Hong Kong and Macao, and promote democracy in these two regions.

Xu believed that the Chinese people—including compatriots in Hong Kong, Macao, and Taiwan—certainly will support proposals and measures conducive to cross-strait cultural, economic, and trade development. However, they will not welcome the sweet words made under the excuse of strengthening contacts, which are aimed at dividing and demoralizing the two sides. Based on this viewpoint, Xu said, Li Teng-hui's six points are no good.

In the final analysis, Xu continued, the rights and wrongs across the strait lie in the point of "ending the state of hostility between the two sides," which is clearly expounded in Jiang Zemin's eight-point proposal. However, Li Teng-hui never mentioned a single word in his "six points" about the "one-China" prerequisite. Instead, he harped on the same old tune of "two states and two governments." The "six points" found it difficult to bring up the matter of "disagreement with the one-China prerequisite," and still more difficult to bring up the matter of "not agreeing to the ending of the state of hostility between the two sides." As a result, the six points could only use delaying tactics to withstand "Jiang's eight-point proposal."

Xu pointed out: It is noteworthy that Li Teng-hui suddenly "showed concern" over the return of the sovereignty of Hong Kong and Macao in the last point of his proposal. What remains fresh in our memory is that when China and Britain were holding talks on the question of Hong Kong in 1983, Taiwan immediately declared that it would not recognize any agreement reached. In the course of talks on the resumption of

China's sovereignty over Hong Kong, which were arduous, Taiwan never, as a compatriot, offered any moral or substantial help to Beijing. As the dates for the return of sovereignty over Hong Kong and Macao are approaching, Taiwan has made a 180-degree turn. Besides indicating its eagerness to have a share, Taiwan has sanctimoniously showed its interest in promoting "democracy" in Hong Kong and Macao, which vividly portrays its intention to sow discord.

Only when the two sides across the strait have held peaceful talks on the one-China prerequisite, and have ended the state of hostility, will it benefit the compatriots of Hong Kong and Macao, Xu stressed.

Commentary Criticizes Li's Middle East Tour

OW1404140595 Beijing Central People's Radio in
Mandarin to Taiwan 2200 GMT 13 Apr 95

["Commentary" by station editor (Yi Xian): "Taiwan's Foolish Diplomacy"—From the "News and Current Events" program]

[FBIS Translated Text] In early April this year, Li Denghui [Li Teng-hui] took a private trip to the United Arab Emirates [UAE] and Jordan in the Middle East. This is another example of the so-called holiday diplomacy conducted by Li Denghui following his tours of three Southeast Asian nations, South Africa, and central America last year. Since both the UAE and Jordan maintain diplomatic relations with the PRC, Li Denghui could only make the visit in a private capacity, which naturally was not accorded official reception. The president and prime ministers of these two Middle East countries shunned Li Denghui, while their mass media did not report his visit. He was received by the crown princes of the two countries. So Taiwan newspapers ridiculed it as a reception by kids because the grownups were not home.

After he became president, Li Denghui visited Singapore in March 1989; and the Philippines, Indonesia, Thailand, South Africa, and the central America last year. Regardless of the capacity in which he travelled, the visits to foreign countries were aimed at creating two Chinas; or one China, one Taiwan in the world. Taiwan's money diplomacy has long been an object of public denunciation on the island. Not long ago, the Taiwan authorities spent more than \$1 million through a U.S. (Kashidi) public relations firm in an attempt to lobby the U.S. Government and Congress to facilitate Li Denghui's visit to the United States. After the inside story was exposed by the mass media, it stirred up a big hubbub among both ruling and opposition parties. Recently Taiwan's media reported again that Li Denghui planned to visit the U.S. Cornell University, his alma mater. On 27 March, Cornell University announced that Li Denghui's friends on Taiwan had donated \$2.5 million to the university to set up a Li Denghui International Affairs Forum. In this way, it has been verified that Li Denghui used money in exchange for a visit to Cornell University.

According to disclosures by Taiwan newspapers, Li Denghui's recent Middle East tour was made possible through a \$400 million investment plan. People of insight on Taiwan have continuously attacked such money diplomacy. Li Qinghua [Li Ching-hua], convener of the New Party's Legislation Yuan group, said: The so-called breakthrough in diplomacy is a hollow name purchased with money. The authorities have postponed major construction projects on the island and the improvement of everyone's health insurance program under the pretext of financial constraints, while lavishing money abroad in pursuit of so-called diplomacy. This is a shameful act. Taiwan's ZHONGGUO SHIBAO [CHUNG-KUO SHIH-PAO] pointed out that the authorities have pursued foolish diplomacy and the money had been wasted and will not yield the desired results.

The efforts of Taiwan authorities to expand their so-called international living space is aimed at creating two Chinas; or one China, one Taiwan in the world. In his eight-point proposal on Taiwan, General Secretary Jiang Zemin explicitly stated that there has never been any objection to Taiwan developing people-to-people economic and cultural ties with foreign countries. In fact, Taiwan has so far joined more than 700 international nongovernmental organizations, and is going to join, under the name of China Taipei, such international economic organizations as the Asian Development Bank and the Asian-Pacific Economic Cooperation Council. By putting a lot of money into trips abroad time and again, Li Denghui will not achieve the basic objective of establishing diplomatic relations with other countries. Small wonder then, that Taiwan's mass media have said the authorities are implementing foolish diplomacy.

Research Fellow Views Cross-Strait Hostility

HK1604023095 Beijing ZHONGGUO XINWEN SHE
in Chinese 0821 GMT 31 Mar 95

[Report on interview with Xin Qi, associate research fellow of the Peace and Development Research Center, by ZHONGGUO XINWEN SHE reporter Huang Shaohua (7806 1421 5478) in Beijing; date not given]

[FBIS Translated Text] Beijing, 31 Mar (ZHONGGUO XINWEN SHE)—How can the two sides across the Taiwan Strait move from the present phase of discussing practical issues to the future phase of political contact and negotiation? In a special interview with our reporter, Xin Qi, an associate research fellow at the Peace and Development Research Center, said that putting an end to the hostility across the strait was a intermediate stage in the transition toward political negotiation and peaceful reunification. At the present stage, he said, this is the best way for both sides to sit down and plan for the future while insisting on the "one China" principle. He noted that it serves the basic interests of the people across the strait, and is in fact "totally beneficial."

Xin Qi said, the most important factor affecting the development of cross-strait relations is that both sides

are still in a state of hostility. He said that it is precisely because of this factor that, although both sides have made some friendly gestures in recent years and have increased exchanges in various areas, the basic interests of the people across the strait have still not been fully guaranteed through negotiations between the two sides. Xin said that this constitutes an unfavorable factor in the future development of their relations, particularly before a political solution is reached, because at present there is insufficient trust between the two sides and cross-strait relations are fragile, a situation which permits current events to influence and affect cross-strait relations.

Xin Qi believes that Deng Xiaoping's concept of "one country, two systems" is the best way to solve China's reunification problem, but, in reality, the way we handle problems in the transition period before reunification is of particular importance. He said: The eight ideas on promoting the peaceful reunification of our motherland put forward by Jiang Zemin, general secretary of the CPC Central Committee, on Lunar New Year's Eve are both respectful of history and in touch with reality. Xin said that they are the essence of the "one country, two systems" concept and have had a great impact both at home and abroad. The proposal on ending cross-strait hostility has attracted attention, he said, because it provides a model for solving China's reunification problem in stages.

Why is now is best time for ending the state of hostility across the strait? Xin Qi pointed out that, although cross-strait relations have moved forward in recent years, with exchanges in various areas gradually being extended—providing a basis for the two sides to further improve relations and solve China's reunification problem—some policies implemented by the Taiwan authorities, particularly the strategy of maintaining a balance between its "mainland policy" and its so-called "diplomatic policy", have in effect been drawing cross-strait relations toward a dangerous prospect, and away from the basic principle of one China. If the Taiwan authorities ignore the reality and the interests of the people across the strait, then the situation may take a turn for the worse, he said. Faced with this situation, Xin said, it is realistic for both sides to hold discussions on ending their state of hostility and plan for future cross-strait relations, in order to ensure that relations will move positively toward a bright future. Otherwise, he said, even though exchanges in various areas of cross-strait relations will be maintained, political conflicts will become more and more intense. Furthermore, Xin said, the one China principle, which both sides have advocated for a long period of time, will undoubtedly be harmed.

Xin Qi said, there are many advantages to ending the state of hostility as soon as possible, because, after the state of hostility is terminated, first, many misgivings will disappear, and both sides will have more good will and mutual trust in their political contacts, and the "three contacts" will be resumed as a natural result. He

said this will form a good basis for both sides to solve problems calmly and consider the political arrangements for future reunification.

Second, Xin said, this will be of great help to contacts between the people on both sides of the strait; at least the scope and level for the people to have free contact will be extended, and trade between the two sides will also be gradually increased with a certain degree of protection built in. In addition, he said, this will be helpful to solving disputes and curbing smuggling activities and crime at sea. It will also provide a model for achieving a political solution on cross-strait relations in stages. Besides, ending the state of hostility is a concrete symbol of both sides upholding the principle of one China.

As for how the two sides can end the state of hostility, Xin Qi believes that this can primarily be achieved through both sides making some mutual promises as a way of accounting for what happened in the past and seeking better ways of achieving future peaceful reunification, such as jointly upholding China's sovereignty and territorial integrity and jointly defending against foreign aggression, or, if Taiwan promises not to attempt "independence," then the mainland will not adopt non-peaceful means to solve the Taiwan question, etc. He said this will guarantee to a large extent that cross-strait relations will move forward and that the Taiwan strait will have a better and more peaceful environment, which would be very meaningful.

Xin Qi then put forward some concrete proposals: Both sides could send some authorized representatives to meet and talk, or, through the Association for Relations Across the Taiwan Strait and the Straits Exchange Foundation, both sides could gradually extend their discussions to cover policy or political matters, or both sides could send experts with a military background to explore issues jointly to search for a solution.

He finally emphasized that there can be various ways to solve the problem of cross-strait relations, but the consensus is to do it in stages. Xin said that, if in the future both sides can merge this consensus firmly with the policy of moving toward future reunification and the principle of insisting on one China, then the problem can be solved in a satisfactory way step by step.

Tibetan Buddhism Delegation To Visit Taipei

OW1704063595 Beijing XINHUA in English 0606
GMT 17 Apr 95

[FBIS Transcribed Text] Beijing, April 17 (XINHUA)—A six-member Tibetan Buddhism delegation, organized by the Tibetan Development Fund (TDF), left here today for Taipei [Taipei] via Hong Kong.

The delegation is the first mainland Tibetan Buddhism exchange group to visit Taiwan since 1949. The invitation came from the Taipei-based Taiwan China Research Cultural and Educational Foundation.

Headed by Living Buddha Bomi Qianbaluozhu, vice-Chairman of the China Buddhism Association, the delegation will pay a one-month visit to Taiwan. Its members include Living Buddha Churu Chilang, who is a noted Tibetan traditional medicine expert and director of the Tibetan Medicine Hospital of the Tibet Autonomous Region.

A TDF official said that the visit is intended to enable more Taiwan compatriots to have a better understanding of Tibet, to cherish Tibet's prosperity and progress and assist the TDF carrying out activities in Tibetan-inhabited areas.

During their stay in Taiwan, the two living buddhas of the delegation will introduce Tibetan Buddhism and Tibetan traditional medicine to Taiwan people.

The Taipei-based foundation has decided to donate eight million Taiwan dollars to the TDF to support cultural and educational projects in Tibetan-inhabited areas.

Patrol Leaves on Mission To Protect Boats*OW1504112795 Taipei CNA in English 0933 GMT 15 Apr 95*

[By Sofia Wu]

[FBIS Transcribed Text] Kaohsiung, April 15 (CNA)—A marine police patrol ship left the southern Taiwan port of Kaohsiung Saturday [15 April] to patrol the north Pacific.

The three-month patrol aims to protect Taiwan fishing boats operating in north Pacific fishing grounds and maintain their operation order, a spokesman for the second squad of the seventh peace preservation corps said.

The 800-ton ship, dubbed Hsun Hu No. 1, is carrying police armed with light weapons to ensure safe navigation and smooth performance of their duties, the spokesman said.

Taiwan began periodic patrols of north Pacific fishing grounds in the late 1980s to prevent its fishing boats from using drift nets or poaching contraband fish and from engaging in other irregularities.

Officials from the Council of Agriculture and the fishery department of the Kaohsiung City Government are aboard the Hsun Hu No. 1 to assist the patrol.

While on patrol, the vessel may call at Hawaii and Japan for supplies. The ship originally planned to leave Kaohsiung Tuesday, but bad weather in the north Pacific delayed its departure.

The spokesman said two other marine police patrol boats—Hsun Hu No. 2 and Hsun Hu No. 3—will also leave for patrol missions in the north Pacific before the fishing season in the region ends in November.

The Hsun Hu No. 1 was the flagship of a marine police fleet that made a controversial patrol in the South China Sea in late March. The fleet returned to Kaohsiung after a stopover at the Pratas Islands and did not continue its voyage to the disputed Spratlys. Taiwan has stationed troops on the pratas, some 220 nautical miles southwest of Kaohsiung.

Li Teng-hui Speaks on Anniversary of Treaty*OW1804020695 Taipei CNA in English 0133 GMT 18 Apr 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, April 17 (CNA)—President Li Teng-hui on Monday [17 April] said Taiwanese have felt a sense of lingering abandonment by Mainland China since the signing of the Treaty of Shimonoseki, under which Taiwan was ceded to Japan late last century.

Li made the remarks while meeting with a group of scholars and political analysts from here and abroad gathered for a one-day seminar entitled "The Centennial Anniversary of the Treaty of Shimonoseki: A Review of Taiwan's Fate and its Outlook."

"The Ching Dynasty signed the treaty with Japan 100 years ago today after China's defeat in the 1894-95 Sino-Japanese war. Since then, Taiwan has experienced a history of remorse," Li said.

"Due to the treaty, Taiwanese have been haunted by a sense of 'forsakenness' even though they have longed for their motherland," Li pointed out.

The long-term separation has led to misunderstanding and suspicion between Taiwan and Mainland China, Li said, meaning that the influence of the treaty still lingers.

He called on the participants at the seminar to pool their wisdom on the historic treaty and its side-effects to create a vital framework from which Taiwan may be further developed.

The seminar was sponsored by the Taipei-based newspaper LIBERTY TIMES.

Continuing Coverage of Spratly Issue**'News Analysis' of SRV Position***OW1804050495 Taipei CHUNG-KUO SHIH-PAO in Chinese 6 Apr 95 p 3*

["News Analysis" by Wu Wei-li of CHUNG-KUO SHIH-PAO International News Center: "The Motive Behind the SRV's Strong Reaction Is Worth Pondering"]

[FBIS Translated Text] Recently, the SRV has repeatedly showed a strong attitude toward Taiwan over the South China Sea issue. Moreover, the clash between the Philippines and the Chinese Communists, which began earlier, is still going on. The SRV has expressed its support for the Philippines. So, it has been a situation of swords drawn and bows bent among Taiwan, the Chinese Communists, the Philippines, and the SRV over the issue of the South China Sea's sovereignty and hidden oil deposits. On the eve of the SRV's joining ASEAN, it is indeed necessary for us to discover its motives.

On 30 March, the SRV condemned Taiwan for dispatching a fishing patrol of ships from the Seventh Security Police Group. In doing so, it took the same stand as the Philippines. On 2 April, the SRV lodged a strong protest against the fishing patrol and accused Taiwan of shelling a supply ship.

The SRV's attitude has recently become stronger and stronger. On 4 April, the SRV Foreign Ministry issued a strongly-worded statement accusing Taiwan troops on the Spratly's Taiping Island of violating the SRV's sovereignty by shelling a supply ship sailing on the waters of Meipan Reef near Taiping Island. In the statement, the

SRV demanded Taiwan withdraw its personnel, equipment, and machinery from Meipan Reef.

In reply, Taiwan's Foreign Ministry expressed willingness to conduct an investigation, but repeatedly emphasized that expelling intruding ships out of that area is an act within the limits of the Taiwan government's sovereignty. However, the actual action taken by Taiwan was to cancel the fishing patrol, stating that it does not want to become involved in the on-going dispute between the Chinese Communists and the Philippines; Taiwan's attitude has not been as strong as the Philippines', which threatened to use force.

Earlier, tension developed between China mainland and the Philippines over boundary markers, troops on some islets and reefs in the region, and the arrest of 62 China mainland fishermen by the Philippines. In February, the Philippines asserted they had discovered observation platforms built by Chinese Communists on Meichi Reef, which is within its 200-nautical-mile economic zone, but the Chinese Communists said the structures were temporary shelters for fishermen. On 23 March, talks between the Chinese Communists and the Philippines over the Spratly dispute broke down. The Philippines soon said it had demolished the boundary markers erected by the Chinese Communists on the Spratly's Wufang Reef and Banyueh Reef. Two days later, the Philippines detained China mainland's fishing boats and 62 fishermen, and took the fishermen to Palawan island for interrogation.

In the past, the South China Sea countries had no territorial disputes among them because of U.S. military presence in the Philippines and Russian military presence in the SRV. Territorial and sovereignty disputes over the Spratly Islands have surfaced since the withdrawal of U.S. and Russian troops from the region.

With the most rapid economic growth in the world, Asian nations, particularly Southeast Asian nations, are stepping up the arms buildup. During the Spratly sovereignty dispute between the Chinese Communists and the Philippines, the United States has not expressed its support for the Philippines, nor has Russia taken any action, showing that they will not become deeply involved in the South China Sea issue in the near future. So, ASEAN nations are worried the Chinese Communists could become a large power filling the South China Sea power vacuum.

In addition to its potential for rich oil deposits, the South China Sea is an important shipping passage. Since U.S. withdrawal from Subic Bay, the reefs and islets in the region have lost a protecting umbrella. Southeast Asian countries in the region are afraid that Chinese communists could build bases on those reefs and islets, gain control of the South China Sea, and eventually turn it into their inland sea. Although all countries in the region are calling for settling disputes peacefully and avoiding the use of force, diplomatic talks have failed to settle the

dispute and there have been frequent military activities recently, showing it is difficult to settle the South China Sea issue diplomatically.

In condemning Taiwan and supporting the Philippines' protest against Chinese Communists, the SRV's position is consistent with ASEAN's position on protesting the Chinese Communists' expansion into the South China Sea. Of course, the SRV's more basic intention is to reiterate its sovereignty over the Spratly islands. ASEAN is composed of the Philippines, Malaysia, Thailand, Indonesia, Brunei and Singapore. The SRV is expected to join ASEAN in July this year.

Navy To Safeguard Sovereignty

OW1804114795 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT 17
Apr 95

[From the "Hookup" program]

[FBIS Translated Text] Defense Minister Chiang Chung-li said at the Legislative Yuan: Our country's Navy is strong, and no country dares to attack it during the semiannual naval reconnaissance voyage to the Nansha [Spratly] Islands. The Navy has no problem in safeguarding the Nansha Islands' sovereignty.

He added that the Defense Ministry has never spotted any Chinese Communist fighter plane or warship in Taiwan's eastern area. According to him, Communist China's development of aircraft carriers is aimed at the South Sea and does not pose a big threat to Taiwan because Chinese Communists already have a dozen or so airports in the mainland's coastal region and their fighters do not need to be based on aircraft carriers.

Senior military generals also denied rumors about our Navy's plan to build a South Sea fleet based in Taitung. They emphasized that the Tsoying Military Port remains the Navy's key strategic base. Taitung has a smaller base area and, therefore, is not suitable for building a large military port. The Navy's primary mission is to safeguard the Taiwan Strait's security; and it does not need to build a South Sea fleet.

Official Denies Reports on Capital Policy Change

OW1804042695 Taipei TZU-LI WAN-PAO in Chinese
5 Apr 95 p 3

[FBIS Translated Text] This morning Cheng An-ku, director of the Mainland Affairs Council's [MAC] Hong Kong and Macao office, refuted media reports that MAC has decided to change its policy to ease restrictions on the proportion of Communist Chinese capital in foreign enterprises operating on Taiwan. He noted that the policy would retain the current 20-percent figure.

Speaking of Communist Chinese-funded investment and business activities in Taiwan, Cheng An-kuo said: Although MAC has not studied this matter, it has asked scholars to study Communist Chinese-funded economic

activities and trade in Hong Kong. A report on the study is expected to be completed in the near future.

Cheng An-kuo said: The draft regulations on relations with Hong Kong and Macao state: Although profit-oriented legal persons from the Hong Kong and Macao area can invest in businesses on Taiwan in accordance with company-related provisions in the Company Law, people, legal persons, organizations, and other agencies from the mainland area are not permitted to hold more than 20 percent of the capital in an enterprise or get involved in the enterprise to such an extent that their involvement exceeds the scope of actual restrictions. This provision conforms with the regulations on cross-strait, people-to-people relations. Currently, there are no plans to change the relevant policy to adjust the figure upward to 25 or 30 percent as reported in the media.

Officials To Participate in Cross-Strait Talks

OW1804055395 Taipei TZU-LI WAN-PAO in Chinese
13 Apr 95 p 3

[FBIS Translated Text] In his briefing on mainland affairs in the cabinet meeting today [13 April], Hsiao Wan-chang, chairman of the Mainland Affairs Council [MAC], verified for the first time that organizations in charge of various subjects to be discussed in the eighth round of cross-strait talks would be requested to recommend their section chiefs to participate in the talks in the capacity of the Strait Exchange Foundation [SEF] experts or advisers.

The MAC advocates that the talks should focus on such discussion topics as repatriation of hijackers, repatriation of illegal mainland Chinese immigrants, and fishing disputes; therefore, at least sections chiefs of the Council of Agriculture, the Ministry of Justice, and the Ministry of the Interior will participate in the talks.

The MAC also advocates that the SEF and the Association for Relations Across the Taiwan Straits [ARATS] should discuss or exchange their views on the "Joint Agreement of the Ku-Wang Meeting," results of the two Chiao-Tang meetings, and matters related to cross-strait exchange in the eighth round of talks. More section chiefs from various administrative departments will take part in the talks when the topics for discussion are confirmed.

Cross-Strait Ties After WTO, GATT Studied

OW1804111595 Taipei LIEN-HO PAO in Chinese 10
Apr 95 p 2

[By reporter Huang Yu-chen (7806 3768 2182)]

[FBIS Translated Text] Today the Kuomintang [KMT] Mainland Affairs Guidance Work Group will hold its first meeting since its partial reorganization, to conduct an overall assessment and study measures to deal with

possible readjustments to cross-Strait relations after the two sides of the Strait join the World Trade Organization [WTO] or GATT.

This is another decision-making meeting of the party and government policy-decision authorities, and follows the 8 April National Reunification Council [NRC] plenary session. It is understood that although this is the KMT working group's routine meeting, the fact that it is being held after the NRC plenary session connotes a special implication to the policy's continuity. President Li Teng-hui's important 8 April speech on the mainland policy is not included on the agenda for today's meeting. However, according to authoritative sources, the agenda will, in many parts, coincide with President Li's policy proposals; hence, President Li's speech will naturally be mentioned at the meeting.

According to top authorities, the development of cross-Strait relations at the present stage is focused on trade and economic activities. After the two sides join WTO or GATT, cross-Strait relations will need to be readjusted in many aspects. Chinese Communists, in particular, will inevitably have to make the readjustment in a direction that can create a positive impact on our side.

The KMT working group consists of three conveners: Premier Lien Chan; Wu Po-hsiung, secretary general of the presidential office; and Hsu Shui-te, KMT Central Committee secretary general; as well as members: Shen Chang-huan, senior adviser to the presidential office; Hsu Li-te, vice premier and convener of the Executive Yuan's Mainland Policy Group; Mainland Affairs Council Chairman Hsiao Wan-chang; National Security Bureau Director Yin Tsung-wen; Strait Exchange Foundation Chairman Ku Chen-fu; and Minister Without Portfolio Chang Ching-yu.

Delegation Head Interviewed on Direct Air Links

OW1804060395 Taipei LIEN-HO PAO in Chinese 16
Apr 95 p 2

[FBIS Translated Text] A mainland civil aviation delegation led by Li Chao, deputy director of the Civil Aviation Administration of China [CAAC], arrived in Taipei yesterday [15 April] and will have high-level contact with Taiwan's civil aviation circles to seek a consensus on such sensitive issues as direct air links across the straits and the future of the Taiwan-Hong Kong air route after 1997. The following is excerpted from an interview:

Reporter: How are the mainland's preparations for direct air links? Is the Chinese Civil Aviation Association the nongovernmental organization responsible for talks with Taiwan on direct air links, or will this issue be negotiated through the Strait Exchange Foundation [SEF] and the Association for Relations Across the Taiwan Straits [ARATS]?

Li Chao: The Chinese Civil Aviation Association gathers various experts of China's civil aviation circles. It is

convenient for the association to hold talks on issues related to direct air links. At present the issue of direct air links seems very complicated. In fact, the two sides should seek a solution through consultation. The key lies in putting our different political opinions aside. I hope, through consultations between responsible nongovernmental organizations, the issue can be resolved. However, the issue—who are responsible for holding negotiations—still needs to be settled through consultation between the two sides. No matter who holds the talks, it is certain that civil aviation personnel of the two sides will get involved in the talks.

Reporter: Will you discuss the Taiwan-Hong Kong air route with Taiwan this time? It is said that the mainland hopes several airlines may fly the Taiwan-Hong Kong air route after 1997. Will Air China join existing operators in flying this route?

Li Chao: The purpose of my visit is to attend a symposium on cross-strait civil aviation and transportation. As for the rights to fly the Taiwan-Hong Kong air route, we usually voice our views through the "Sino-British Joint Liaison Group" and allow Hong Kong's and Taiwan's airlines to hold discussions. We hope that air transportation business will flourish in Hong Kong and Taiwan after 1997. China Airlines and Cathay Pacific may not be able to meet the market demand, if only these two airlines are allowed to fly the Taiwan-Hong Kong air route in the future. As for how many airlines and which airlines will be granted access to Taiwan, it is still up in the air.

Reporter: How does the mainland define the post 1997 Taiwan-Hong Kong air route and the cross-strait route after the realization of direct air links?

Li Chao: We advocate defining the future cross-strait air route as a "special domestic route" and exercising special management over it. However, a specific term for the route has not yet been decided.

***Article Views 'Popular Sovereignty' Concepts**

95CM0176B Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 412 & 413, 11 Feb 95 p 68

[Article by Chi Yen-ling (4764 1693 7117): "With Parrotting Having Become So Prevalent, It Being Easy To Chant the Scriptures But Hard To Become a Bhudda"]

[FBIS Translated Excerpt] [passage omitted] While Taiwan's political language in recent years has undergone a myriad of changes, Li Teng-hui is without doubt a "language-design professor" with the best leadership-popularity skills. Every word that he speaks very quickly turns into the most popular language in vogue in official circles. All officials act like parrots, learning whatever words Li Teng-hui speaks, from "a century of the same old shop" and "a lifetime community" to "being patriotic about Taiwan means opposing Taiwanese independence." As to the "Record of Li Speech," they have it down pat, parroting it in an absolutely lifelike manner.

In the most recently fashionable "Record of Li Speech," the words "popular sovereignty" can be said to be the epitome of fashion. In official circles at all levels, all speeches are loaded with a few "popular sovereignty's," which "pearls of truth" are applied indiscriminately like ten thousand nutshells to all matters despite their importance, without which it would seem that nothing could become fashionable.

In Taiwan at present, all the way from president to village chiefs, all leaders are produced through direct popular elections. But while this is certainly the specific practice of popular sovereignty, "the popular franchise" is nothing more than a generalization of popular sovereignty, one of its particular institutionalized practices. So while there is popular sovereignty in institution, unless it is accompanied by popular sovereignty in policy, it can be considered merely semipopular sovereignty.

Going further into the matter, the practice of popular sovereignty in policy certainly cannot be achieved through dependence on the means of "making contracts with city residents" or "holding provincial government meetings in the countryside." While popular sovereignty in policy in procedural form is important, the substantive implications of popular sovereignty in policy are even more so.

By this standard, the practice of popular sovereignty by governments at all levels in Taiwan at present is obviously still stuck in many aspects at the level of words but not deeds.

Whether the college joint entrance exams for next year continue to include the Three People's Principles will affect the futures of the hundreds of thousands of high school students who are about to graduate. While the special group directed by Taiwan University has long since decided to abolish the exams [in that area], which decision also has majority public support, we must still wait for the Ministry of Education to give the final verdict.

Who would have thought that the Ministry of Education would announce at a meeting in early 1995 that "the decision will be made in July or August," with such a casual statement leaving the policy unresolved. And while the sooner the decision is made on whether to test on the Three People's Principles the better for high school students, the Ministry of Education's disorderly style of "caution in name, but bureaucracy in reality" obviously makes light of the rights and interests of high school students. So what sort of popular sovereignty is that!

Until our Constitution is amended, while military service is a citizen's obligation, shortening the existing two-year period of service has been the mainstream popular will for many years now. So who would have thought that the Ministry of Defense would actually go against public opinion, by considering a resumption of

the old system, and preparing to extend the term of service for some navy and air force personnel to three years. Such a means of adding to citizen obligations to resolve national defense matters is also obviously out of line with popular sovereignty.

While our Constitution grants our people the basic right to participate in government and political affairs, the Ministry of Interior has recently, in the course of studying and drafting the election process for president and vice president, first opposed the joint-signature

election-participation system, and then advocated a publicly run joint-signature system, making all sorts of restrictions that deprive people of their basic rights. So both the so-called "Lin Yang-kang clause" provisions and the "Shih-Ming-te clause" that restricts academic records are essentially expressions of "one-party sovereignty" or "one-man sovereignty" that constitute violations of the constitution and abuses of power, which is the greatest mockery of the popular sovereignty slogan. [passage omitted]

Hong Kong

Qian Qichen Discusses 'One Country, Two Systems'

OW1804054195 Beijing Central Television Program
One Network in Mandarin 1310 GMT 29 Mar 95

[Announcer-read report over video; from the "Talk on Hong Kong" special program]

[FBIS Translated Excerpt] Based on Comrade Deng Xiaoping's great idea of "one country, two systems," the Chinese and British Governments conducted assiduous negotiations and finally reached a common understanding on signing the Sino-British Joint Declaration on the Settlement of the Hong Kong Question. On 1 July 1997, the government of the motherland will resume the exercise of sovereignty over Hong Kong, thus ending the British colonial rule of 150 years. At the time when the joint declaration was signed, Chinese people in both Hong Kong and the hinterland were elated, going around spreading the good news on the settlement of the Hong Kong question based on "one country, two systems."

In an interview with this special program, Comrade Qian Qichen, vice premier and concurrently foreign minister who is also the chairman of the Preliminary Work Committee of the Preparatory Committee for the Hong Kong Special Administrative Region, discussed the history and practical significance of "one country, two systems."

[Begin Qian recording] "One country, two systems" was proposed by Comrade Deng Xiaoping for solving the Taiwan question and realizing the motherland's peaceful reunification. This concept was subsequently applied to the practice of settling the Hong Kong and Macao questions. Since the 1970's, significant changes have taken place both at home and abroad. The Third Plenary Session of the 11th CPC Central Committee decided to shift the focus of the work of the party and government to the modernization drive. Against the backdrop of history, the Chinese Government, proceeding from the overall interests of the country and people; from a respect for history and reality; and taking the interests of all sides into consideration, proposed the principle of peaceful reunification and "one country, two systems." The most important essence of "one country, two systems" lies in the general principle of a unified nation, in which the main body of the state implements the socialist system; while Taiwan, Hong Kong, and Macao practice the capitalist system. Neither side shall annex the other; and all cooperate with and benefit each other in a joint endeavor to rejuvenate the Chinese nation. Hong Kong was originally Chinese territory, but it has been occupied by Britain. Under British rule in the past 150 years or so, Hong Kong has implemented the capitalist system. The peaceful settlement of Hong Kong's return to the motherland is, of course, beneficial to all sides. However, to settle this question, "one country, two systems" is the only solution. [end recording] [passage omitted]

Official Rejects Blame for Disappearance of Suspect

HK1804084095 Hong Kong EASTERN EXPRESS in English 18 Apr 95 p 1

[By staff reporters]

[FBIS Transcribed Text] A Zhuhai government official yesterday rejected claims that China's delay in informing Hong Kong of the release of two suspected smugglers was to blame for the disappearance of one of them.

The official, who declined to be named, said China had not been obliged to inform Hong Kong police about the release of the two seamen from Zhuhai. He said they were free men under Chinese law.

Last night, Hong Kong police were still hunting for Lai Wah, 34, who disappeared after he and Kong Long-hoi, 31, arrived at the Macao Ferry Terminal on Saturday [15 April]. Kong was arrested on smuggling charges.

A spokesman for the Hong Kong Government said the police were informed of the release at 10:30am on Saturday. She could not explain why the police did not inform the Immigration Department in time to detain both men.

The pair were abducted by armed Chinese police in Hong Kong waters on March 18, triggering a Sino-British diplomatic row.

The Zhuhai official said the authorities had bought the men ferry tickets because they were penniless.

He said the Zhuhai government was willing to provide further information on the case to the Hong Kong police.

Bid To 'Embarrass' Police

HK1804084195 Hong Kong HONGKONG STANDARD in English 18 Apr 95 p 3

[FBIS Transcribed Text] Chinese authorities departed from the normal procedure used for handing over suspects in a bid to embarrass Hong Kong police, an internal police report suggests.

The report, to be distributed to senior police today, is expected to strain Hong Kong's relations with the mainland even further.

The report comes at a time when senior officials are publicly stating good cooperation.

A report compiled by Marine Police on Saturday's [15 April] handover of two smuggling suspects details how events unfolded.

It also outlines events leading to the escape of one of the men from police at the Macao ferry terminal in Sheung Wan.

It is understood the report mentions a communication breakdown meant local police were not informed of the time or place of the men's arrival.

A Marine Police source said it could be concluded from China's actions it had intended to embarrass Hong Kong police.

He said that was how most local police had interpreted the incident.

"They didn't tell us what time or at what entry point they would be released," the source said.

"But somehow the media knew all the details."

The protocol between Hong Kong and China for the return of suspected criminals is for China to liaise with Interpol, who, in turn, will inform Hong Kong police. But on this occasion, such communication did not happen.

Asked about deputy commissioner Peter Wong's comments last Sunday that Hong Kong police had a good working relationship with their Chinese counterparts, the source said: "Well, he had to say that, didn't he?"

One of the suspected smugglers, Lai Tin, 34, is still on the run but has told his father he plans to surrender in the next few days.

China announced on Friday it would release the two men after detaining them for nearly four weeks because it did not regard them as the main culprits, not because of diplomatic pressure from the Hong Kong and British governments.

The men were released a day before they were due to face trial in Zhuhai, where they would have faced the death penalty if convicted.

Superintendent for Marine Police (Crime) Leung Kiu-ying said they were no closer to finding Lai yesterday than they were on Saturday.

The other man who returned on Saturday, Kong Long-hoi, 31, was questioned and released on \$1,000 bail.

The two Hong Kong seamen became embroiled in a diplomatic row between Hong Kong and China after their boats and 47 cars were seized by Chinese Public Security.

China 'Could Veto' SAR Head's Nominees

HK1804085095 Hong Kong EASTERN EXPRESS in English 18 Apr 95 p 1

[By Rain Ren in Shanghai]

[FBIS Transcribed Text] A senior Beijing official has again threatened Hong Kong's future autonomy saying China could veto the post-1997 chief executive's nomination of senior officials because it lacked information about the candidates.

Yesterday's warning increases pressure on the Hong Kong Government to provide personal information on senior civil servants before the handover.

The official said the power to veto substantiates what other Chinese officials have claimed before—that Beijing's role in the appointment of the 27 principal officials for the Special Administrative Region [SAR] government will be a "substantial" procedure rather than a ceremonial one.

The Basic Law stipulates that the chief executive of the SAR will nominate a total of 27 senior government officials, and submit the list of nominees to China for ratification.

The official said for the Chinese government to make the "right appointment" for Hong Kong, Beijing should at least have adequate knowledge of the candidates. This includes the files on their professional performance, integrity and nationality.

However, the dispute between Britain and China over the transfer of files has made it impossible for Beijing to achieve this goal. The dispute will be discussed between the British Foreign Secretary, Douglas Hurd, and the Chinese Foreign Minister, Qian Qichen, at today's meeting at the United Nations headquarters in New York.

When asked whether Beijing trusts the chief executive to form his own government, the official said the Basic Law gives China the right to have the final say over the appointments. "The chief executive is going to be selected in a semi-democratic way. He is, ultimately, an outsider in the eyes of the Chinese government," the official said.

At the last Sino-British Joint Liaison Group meeting, Britain insisted that the SAR chief executive-designate should be given the files on civil servants and not the Beijing authorities.

The SAR chief executive-designate will be selected early next year, according to a Preliminary Working Committee proposal.

The Chinese official said smooth transition for Hong Kong's civil service, especially that of senior officials, has been Beijing's prime concern in the run-up to the change of sovereignty.

He denied a British allegation that China has done nothing to boost the confidence of senior Hong Kong Government officials regarding their future.

"It has been made absolutely clear in the Basic Law that the majority of civil servants will remain in their original posts," he said.

"But for senior officials, it will be a different story. They will need to be confirmed by the SAR chief executive-designate and appointed by the central government."

The question of a crisis of confidence among existing civil servants has been discussed in detail by some Beijing-appointed Hong Kong advisers who ended a four-day tour to eastern China yesterday. The group, made up of former senior Hong Kong officials, said the so-called confidence crisis does not exist.

Sir David Akers-Jones, a former acting governor, said he felt most Hong Kong Government officials were "becoming more and more confident about Hong Kong's future", the more they acquaint themselves with China.

"Retirement of a few officials should be taken as normal," Akers-Jones said. "Some have planned their retirement many years ago and their decisions have nothing to do with whether their confidence is affected."

PRC Approval on Container Terminals Sought

HK1804085395 Hong Kong SOUTH CHINA
MORNING POST in English 18 Apr 95 p 1

[By Chris Yeung]

[FBIS Transcribed Text] The Government is seeking Chinese approval for an allocation of land to build the mammoth Container Terminal [CT] 10 and 11 projects, sources said.

The plan, now being studied by Chinese representatives on the Joint Land Commission, also covers the grant of land for the ill-fated Terminal 9 project.

The latest Government initiative to step up the momentum of the territory's port facilities followed another round of fruitless talks at the Joint Liaison Group (JLG) on the CT9 plan.

China said at the JLG talks that the contracts for the project should be granted by public tender.

Officials claimed the Government had given contracts to the Jardine-led consortium in exchange for the British firm's support of political proposals of Governor Chris Patten.

JLG sources said there had been no developments on the CT9 issue during the plenary session early this month.

The source said putting the project on this year's annual land disposal plan did not represent a new strategy by the administration.

"We have to put it in the plan. If not, people will inevitably come to the conclusion that CT9 is over...It has always been there," the source said.

Secretary for Planning, Environment and Lands, Tony Eason, earlier said the Government had replied to a batch of questions raised by the Land Commission's Chinese team.

He said he hoped the land body would be able to meet this month.

Mr Eason, also head of the British team at the Land Commission, is to retire at the end of this month.

Successor Bowen Leung Po-wing, currently on a China study course at Beijing's Qinghua University, will take over in mid-May.

A source said Chinese approval of land for CT 10 and CT 11, on Lantau Island, was imperative.

"We cannot see the prospect of approval for CT9. A speedy go-ahead for CT 10 and CT 11 is the logical step forward," an official said.

The Advisory Council on the Environment has endorsed the terminal plans. The Government had planned for the contracts to be granted by public tender a few months after land was approved and construction could have begun by the end of this year.

Officials had hoped the first berth at CT 10 could start operation late in 1997 or in 1998.

An official said there was no indication of whether China would support the CT 10 and CT 11 plan, but he was confident Beijing accepted the need for more port facilities.

"I would be very surprised and ready to challenge any suggestion that Hong Kong did not need to build more ports because of the other ports in the region such as Yantian in Shenzhen," he said.

Commentary Hails Basic Law Propaganda Campaign

HK1704134395 Beijing ZHONGGUO XINWEN SHE
in Chinese 1111 GMT 10 Apr 95

["Commentary" by reporter You Xiayin (3266 1115 5419): "The Road to Success Is Before Us"]

[FBIS Translated Text] Beijing, 10 Apr (ZHONGGUO XINWEN SHE)—At the beginning of this month, an unprecedented propaganda campaign to publicize Hong Kong's Basic Law spread from Hong Kong and the mainland to overseas. On 4 April, on the occasion of the fifth anniversary of the promulgation of the Hong Kong Basic Law, various kinds of promotional activities at various levels were held in different parts of the world to cover various aspects of the Basic Law. Not only on the Chinese mainland, but even in Hong Kong where the legal system is deeply entrenched, the depth and breadth of this program to publicize the Basic Law have rarely been seen.

The Basic Law puts the ingenious concept of "one country, two systems" into a precise and comprehensive legal form, and in just over two years, it will enter the new historical phase of being fully implemented. However, the contents of this basic constitution of the future Hong Kong have not been understood by some Hong Kong and mainland people, even though it has been

widely affirmed and accepted. Under these circumstances, our compatriots in Hong Kong and the mainland joined forces to give new vitality to this year's activities to promote the Basic Law and commemorate its promulgation.

First, the level from which the promotional activities were launched was raised.

As a working organization under the NPC Standing Committee, the Preliminary Working Committee (PWC) of the Hong Kong Special Administrative Region (SAR) Preparatory Committee held a seminar to promote the Basic Law in Hong Kong for the first time. PWC Chairman Qian Qichen, vice premier of the State Council, sent a special message of congratulation to the seminar. Lu Ping, director of the China and Macao Affairs Office under the State Council, led a delegation to the United States to promote the Basic Law himself. Moreover, various current and former high-level officials—including Ji Pengfei, Wang Hanbin, Lei Jieqiong, Li Hou, Zhou Nan, Chen Ziyang and Wang Fengzhao—attended various seminars or symposiums on the Basic Law. They either gave speeches or wrote articles on the subject, or gave interviews to reporters, attracting much attention.

By contrast, the British Hong Kong Government has always adopted an indifferent and negative attitude toward publicizing the Basic Law. This time, it was attacked by the Hong Kong media, with people demanding that the British side fulfill its obligations under the Sino-British Joint Declaration, so that Hong Kong's policies and affairs during this late transition period are conducted in a way that converges with the Basic Law.

Second, the scope was extended.

Based on the organizational structures established during their recent years of propaganda activities, patriotic people and organizations in Hong Kong joined hands this year to promote the Basic Law to the grass roots. They focused on explaining it to ordinary people; on educating the young; and on making use of the media, particularly the electronic media, to launch various kinds of attractive propaganda activities at various levels. As a result, there was a new look to this spring's campaign to promote the Basic Law among people in Hong Kong.

The propaganda activities on the mainland, which started being carried out on a large scale this year, emphasized the introduction of the social background to the Basic Law, and its historical significance, while giving the facts about it. The large-scale "Welcome '97" photo exhibition to be held shortly at the Chinese Revolutionary History Museum, the 52-part feature on Hong Kong made by China Central Television, the documentary on Hong Kong which is being filmed, and various articles in the newspapers, all either trace back to the Opium War and the forced ceding of Hong Kong, or

explain in detail how the capitalist system operates in Hong Kong, its characteristics as an international trade and business center, and the process of resolving the Hong Kong question. All these help the people on the mainland to understand and grasp the concept of "one country, two systems" and the spirit and substance of the Basic Law.

The trip to six cities in the United States by Lu Ping's delegation to explain the Chinese Government's policy toward Hong Kong was an important attempt to propagandize the Basic Law to the world. This act shows that the Chinese Government is making efforts to create a good international environment for the smooth reversion of Hong Kong to Chinese rule, and for the maintenance of its long-term prosperity.

Third, the campaign was clearly targeted.

The speeches on the Basic Law made by various people generally integrated a review of its contents and the "one country, two systems" concept with the process by which it was created and formulated. By analyzing the subjective and objective factors for its guaranteed success, they were able to raise people's confidence in the future of Hong Kong.

Focusing on the investment environment of Hong Kong after 1997, which is what the U.S. industrial and commercial sectors are most concerned about, Lu Ping tried to allay their doubts. His argument that the needs of China and the world ensure that "one country, two systems" will be successfully realized in Hong Kong was very persuasive, and the fact that the Basic Law has summed up the factors for Hong Kong's success in the past also formed an objective basis for people to trust that it will be fully and successfully implemented.

In response to the anxieties and worries about "who can guarantee that the Basic Law will be implemented after '97", many former members of the Basic Law Drafting and Consultative Committees reviewed the facts in the five years since the Basic Law was promulgated. These included the Chinese Government's persistent compliance with the Sino-British Joint Declaration despite many disruptive events, and its insistence on the principle of convergence with the Basic Law. The Basic Law has withstood many tests, and has been increasingly recognized and accepted by Hong Kong people, and as such has helped to stabilize society. Hong Kong people were widely consulted when the Basic Law was being formulated, setting a precedent for the residents to be involved in matters of concern to them during the transitional period, and this democratic form of operating has provided an example of "Hong Kong people running Hong Kong." The facts have proved that although the provisions of the Basic Law have not yet been implemented, its spirit and principles gradually have been realized, and are playing a role in Hong Kong society.

By reviewing and examining the past, one sees clearly the road to the future, and so musters the courage to take

action. As for the people who are taking action to move forward, the road to success lies ahead of them.

Poll Says 'More' People Satisfied With Government

HK1804085295 Hong Kong EASTERN EXPRESS in English 18 Apr 95 p 2

[By Jimmy Cheung]

[FBIS Transcribed Text] More Hong Kong people are satisfied with the Government's performance now than two months ago, a regular survey commissioned by the Government has shown.

The public's satisfaction with the Government's performance has risen three points, but remains below 50 percent.

The latest Home Affairs Department survey, conducted between March 13 and 17, shows that 43 percent of the 1,517 respondents were satisfied with the Government's overall performance, up from January's 40 percent.

Thirty percent of respondents were dissatisfied with the Government's performance, three points down from January's survey.

The survey is the 57th in a series to gauge public perceptions of problems and the general mood in the territory.

Sixty-two percent of the respondents said they are confident Hong Kong will continue to be prosperous and stable, five points up from the last poll.

More people believe the situation will improve or remain the same in the next 12 months—62 percent compared with 56 two months ago.

Housing, transport and Hong Kong's future continue to be the top three issues, though concern about housing dropped eight points from 45 percent in January's survey.

Macao

Governor Terms Soares' China Visit 'Success'

OW1704134895 Beijing XINHUA in English 1310 GMT 17 Apr 95

[FBIS Transcribed Text] Macao, April 17 (XINHUA)—Macao Governor General Vasco Rocha Vieira said here today that the just-finished visit of Portuguese President Mario Soares to China was a great success and was good to Macao's smooth transition.

The governor made these remarks when he returned to Macao this afternoon from his tour to China accompanying the Portuguese President.

He said, during their stay in China, the Portuguese President exchanged views with Chinese President Jiang

Zemin over various transitional matters of Macao and the work both had done in the past, stressing this would guarantee faster and smooth development of Macao's transition.

He noted, with the approaching of 1999, Portuguese president's visit to China once again proved that the work both Chinese and Portuguese Governments have done could guarantee Macao's smooth transition.

China Demands Greater Share of Gambling Revenue

HK1704043395 Hong Kong EASTERN EXPRESS in English 17 Apr 95 p 1

[By Robert Carroll in Macao]

[FBIS Transcribed Text] China is flexing its muscles to gain control of Macao's gambling billions after the 1999 handover. Mainland officials have demanded that the Portuguese, who administer Macao leave a reserve fund after the change of sovereignty. The new demands have rocked the usually cordial Sino-Portuguese relations but are believed to be merely a smokescreen put up by the Chinese to increase their bargaining power, sources said. The ultimate goal is greater control over the gambling concession given to the casino magnate Stanley Ho and the billions of dollars it generates for the Macao government.

According to the Macao government's 1995 budget, Ho's Sociedade de Turismo e Diversoes de Macao (STDM) is forecast to pay 30 per cent of its gross takings, or \$4.6bn, in monopoly franchise tax. The tax payments by STDM this year are expected to amount to 51 per cent of the Macao government's current receipts and 40 per cent of its total income. Under a 1986 agreement, STDM also has to contribute \$12bn between 1987 and 2001 to Macao's infrastructure projects such as the second Taipa bridge. Although the concession runs until 2001 and thus spans the handover, it is understood that the Chinese were not consulted before the concession was granted.

Sources said Beijing wants a greater share of the revenue generated by the casinos for post-1999 Macao and seats on the STDM board. The Portuguese President Mario Soares, who has been in China with his Foreign Minister, Durao Parroso, and the Macao Governor, Vasco Rocha Vieira, for a week-long state visit, has rejected the demand for a reserve fund, saying it "does not make sense". "I told the Chinese we have made an extraordinary effort in building the airport, the (new Macao-Taipa) bridge ... (in) social housing, ... to be left to the Chinese," Soares said. "Therefore to talk about financial reserves after that doesn't make sense."

His comments have cast a shadow over recent rosy statements from both sides. Last Tuesday, Soares said there had been "converging views" while the Director of the Hong Kong and Macao Affairs Office, Lu Ping, talked about the meetings "being on the right track".

Analysts agree that a fund for the future Macao special administrative region is unrealistic because Macao does not have the money. A source close to the administration said the demand was seen as disguising China's real aim: to gain more control over the enclave's main source of income, which is derived from the gambling concession granted to STDM. Pedro Corriea, a leading Macao correspondent for the Portuguese press, said yesterday: "That's what they want." Lu said last week that the gambling concession was "still under negotiation" and "is due to be revised before 1999". The source, who refused to be quoted or identified on such a "very sensitive" issue, believes that China wants the STDM's concession revised before the Portuguese leave in 1999. This will prevent possible negative press abroad if the move is made under Chinese rule.

Changes are also expected in the financing of the Lisbon-based cultural institute, the Orient Foundation, which survives on gambling proceeds. This would require amendments to the gambling concession and approval from Macao's Legislative Assembly, which could open the door to further revisions. STDM operates nine casinos in the enclave and is also involved in Macao's greyhound canidrome, horse-racing track and traditional Chinese and Western lotteries.

Supersonic Flights to Europe Planned

HK1804085195 Hong Kong EASTERN EXPRESS in English 18 Apr 95 p 2

[By Robert Carroll in Macao]

[FBIS Transcribed Text] The Macao casino magnate Stanley Ho has won backing from the Portuguese president to introduce supersonic flights from the enclave.

Ho told Eastern Express that President Mario Soares had said flights using Concorde, the world's fastest passenger aircraft, were "a good idea".

Ho said: "I was waiting for the right occasion to make the announcement.

"Now that I have the administration's blessing I can go ahead...It will put Macao on the map."

The chief executive manager of East Asia Airlines, which plans to operate the service, Captain Tran Parashar, said he was thinking of a twice-weekly service for the first six months.

"During this period we will evaluate it (the service) and then see if we can increase it," he said.

Flights would go to London or Paris to tie in with the two operators of Concorde, British Airways and Air France.

Ho, the chairman of Sociedade de Turismo e Diversoes de Macao (STDM), said he was reckoning on the flight taking seven hours, cutting the journey time to Europe by half.

Parashar, the former chief of Air Hong Kong, said there may be obstacles but he believed they were "not insurmountable".

He said he was in touch with both British Airways and Air France and had "got the ball rolling".

Parashar also confirmed that Macao airport would be technically capable of handling Concorde: "I am quite sure it doesn't pose a problem," he said.

He said Concorde may fly into Macao for the airport opening ceremony and perhaps even before the big day for a dummy run or revenue-raising flight.

Parashar said he did not foresee any about-turn by Ho on the plan as a commitment had been made to Soares.

It would be unlikely that a plan endorsed by Soares would be overturned locally.

Steve Morrell, the manager of East Asia Airlines, formerly of the British Civil Aviation Authority and Hong Kong Civil Aviation Department, who has had experience with British Airways, said of the plan: "It's certainly not a pipe-dream, quite the contrary.

"At the moment we are actively looking at the commercial investigations for East Asia Airlines."

The airline runs a regular helicopter service from Macao to Hong Kong and it would be expected that the 20-minute transfer would be popular with the type of passenger who pays first class prices plus a premium to fly Concorde, saving travelling time.

Concorde needs longer landing distances than some other passenger aircraft, but Morrell said there would be no problem for it at Macao.

He said: "Concorde can land at most international airports and Macao will be up to international standards."

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